criminal activities by them. How are they going to get a job in the future?

The House has to immediately call for hearings on this matter. Those who are responsible for this outrage should be fired, or at the very least we ought to have adult supervision in the White House.

The SPEAKER pro tempore (Mr. HASTINGS). Under a previous order of the House, the gentleman from Florida [Mr. DEUTSCH] is recognized for 5 minutes.

[Mr. DEUTSCH addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. GOSS] is recognized for 5 minutes.

[Mr. GOSS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS ACT OF 1993

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. RUSH] is recognized for 5 minutes.

Mr. RUSH. Mr. Speaker, today I am introducing an important piece of legislation, the Community Development Financial Institutions Act of 1993, House Resolution No. 2250.

I do so with the belief that putting the economic needs of the people of inner city communities, rural areas, and close-in suburban areas on the same playing field is one of a series of steps necessary to make sure that equal economic opportunities are fully extended to all Americans. This bill is designed for those Americans who, as President Bill Clinton describes them, are "willing to work hard and play by the rules."

The bill I have introduced will create the National Community Development Administration [the NCDA]. The NCDA's mission will be the fostering of public-private partnerships which will provide access to credit and financial resources by low- and moderate-income people as well as small, minority- and women-owned businesses. These are the groups and individuals which have traditionally been denied access to adequate levels of capital and credit. Thousands of these groups are located within communities like Illinois' First Congressional District, which I represent.

Building from an initial appropriation of $200 million for fiscal year 1994, specifically, this bill would provide assistance in the forms of grants, loans, and technical assistance to new and existing community-development financial institutions.

Innovative groups and individuals across the country who know, first hand, what steps to take to improve their communities will now be able to obtain the economic resources to do so. It allows creative ventures to be undertaken including everything from supporting the efforts of local groups to demolish and remove abandoned buildings, to facilitating the development of low- and moderate-income housing, to helping groups with successful track records in building small projects to obtain extra capital and credit to do more of the same but on a broader scale, thereby impacting larger groups of people and families.

And, Mr. Speaker, the good news is the NCDA will accomplish these goals in a way that does not create one more Federal bureaucracy but, instead, builds on the insights gained from some of the hard-fought struggles, and mistakes, of the past.

The NCDA will encourage healthy competition among certified applicants to get the most bang for their limited bucks. It will require matching private funds for the grants and loans it issues on at least a 1:1 basis. It will recycle funds back to lenders by encouraging secondary market activities among private actors, and it will promote the use of a new investment instrument that will bring dollars from individuals, corporations, and institutions into community development depository institutions for their long-term use.

With the added investment from individuals and institutional investors, millions of Americans will not only be able to take advantage of needed tax deferrals, but will also be playing a direct role in helping to capitalize an organization whose single mission is to systematically reinvest in and redevelop America's inner city and rural communities.

Finally, the real significance of this legislation is not just about credit or banking. It is about genuine, comprehensive, permanent community development. With this bill, I hope to give individuals the tools to determine their own destinies; to take their, and their families' futures into their own hands and work hard to achieve what, until now, has been in sight, but beyond their grasp—that elusive state of being called prosperity. I know that real prosperity cannot exist without the economic building blocks that so many of the hard working men and women in disinvested urban, suburban, and rural communities lack.

I urge my colleagues in the House of Representatives to support this bill which is designed to foster increased access to good-paying jobs; increased entrepreneurship and self-sufficiency; higher living standards and quality of life, and the creation of other assets within local communities.

I believe the kind of development the NCDA will focus on will steadily increase the confidence of local residents, business owners, and workers in targeted communities as these groups begin to realize that their community's fortunes are on the rise. I also believe that outside investors will become increasingly convinced that communities that are coming alive again are the types of communities that merit their careful and considered support—and their investment dollars.

By reinvesting in people and organizations that live in, or care about, our cities and rural areas, I strongly believe that the Community Development Financial Institutions Act of 1993 will be a catalyst for real change in the lives of countless Americans in the years to come.

GENERAL LEAVE

Mr. ARCHER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the subject of my special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2244, SUPPLEMENTAL APPROPRIATIONS, TRANSFERS AND RESCISSIONS, FISCAL YEAR 1993; AND WAIVING POINTS OF ORDER AGAINST H.R. 2118, SUPPLEMENTAL APPROPRIATIONS, FISCAL YEAR 1993, AND AGAINST ITS CONSIDERATION

Mr. MOAKLEY, from the Committee on Rules, submitted a privileged report (Rept. No. 103-110) on the resolution (H. Res. 183) providing for consideration of the bill (H.R. 2244) making supplemental appropriations, transfer, and rescissions for the fiscal year ending September 30, 1993, and for other purposes, and waiving points of order against the bill (H.R. 2118) making supplemental appropriations for the fiscal year ending September 30, 1993, and for other purposes, and against its consideration, which was referred to the House Calendar and ordered to be printed.

RECONCILIATION AND THE CLINTON TAX INCREASES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. ARCHER] is recognized for 60 minutes.

Mr. ARCHER. Mr. Speaker, I rise to speak again to the House tonight, as I did last night, and discuss facets of the forthcoming reconciliation bill which includes the largest tax increase in the history of the human race that will be placed on Americans in all walks of life. I have listened to Democrats who extol the virtues of this bill, and I would like to discuss a little bit about why some of their comments are, in my opinion, misplaced.

But before I do so, I yield to the gentleman from Florida [Mr. GOSS].

□ 1930

Mr. GOSS. Mr. Speaker, I thank the gentleman very much for yielding.

I would propose to address the subject that the gentleman has introduced from the perspective of a member of the Committee on Rules and share my very grave concerns that we are not going to be able to do full justice to this extraordinarily important issue in this House because of the Committee on Rules. In fact, tomorrow, the Committee on Rules will take up the Clinton tax bill, a massive tax hike on most Americans, and during that committee process, several Members, this gentleman included, will present alternatives to the energy tax, particularly, and the Social Security tax provisions that are in that bill.

The energy tax, the Btu tax, as we call it, is supposed to raise approximately $70 billion over the next 5 years by taxing virtually every good and service produced or performed in the United States. That is something that every family is going to feel and, frankly, many families cannot afford it. Not only is this proposed tax inflationary because it is going to increase the cost of goods and services, it is going to fall hard on middle-income America. We have heard a lot about middle-income America during the campaign, the very people then-candidate Clinton said he would spare from new taxes.

As for the Social Security tax, it is certainly going to impact millions of seniors who have very modest incomes whose only fault is that they are trying to take some responsibility for their own retirement. They have been prudent, they have set aside, and now we are going to propose to tax them because they are a convenient target. Quite simply, these are not rich people.

I know many, because they live in my district. They are people who are struggling to make ends meet, people earning as little as $25,000 a year. This tax is projected to raise $32 billion over the next 5 years, raising the percentage of Social Security taxable from 50 percent to a whopping 85 percent.

Adding insult to injury, this tax changes the rules of Social Security which is supposed to be a self-financing trust fund, as we know. This new tax plan will generate revenues from Social Security recipients that will go directly to the General Treasury, and that scares people who are on Social Security, and it should.

Mr. ARCHER. I was on the President's Commission on Social Security reform in 1982, and that Commission recommended to the Congress and had adopted by the Congress, and I might say that I opposed this provision, but nevertheless, this is the way it occurred, for the first time that 50 percent of the Social Security benefits be taxed, and in doing so, they justified that on the basis that 50 percent of the money going into the payment of FICA taxes was tax-deductible to the employee but 50 percent was after-tax dollars on the part of the employee, and they further specified that inasmuch as this was in effect reducing benefits for those people who had enough income to be above the threshold, the threshold by the way which was not indexed for inflation, and as a result, here we are 10 years later, and that is the same threshold but in real dollars, of course, it is much, much lower and picks up people who actually have a lower income.

But they put that tax that was generated by taxing 50 percent of the benefits back into the Social Security trust fund, which is where it should have been placed.

Now the gentleman has appropriately explained to the people of this country that in Clinton's new tax on Social Security beneficiaries, that almost doubles it, that money will no longer go back into the trust fund for the benefit of the elderly in future generations of this country but will be deposited in the General Treasury to pay for President Clinton's new spending programs. Is that correct?

Mr. GOSS. If the gentleman will yield further, that is precisely what is so scary about this.

I know the distinguished gentleman's participation and understanding, and no only do we have pain here, we have a breach of faith if not contract.

Why are we doing all this? The Clinton administration is telling us we are raising taxes to reduce the national debt, but read the small print and you will see that 5 years down the road after Americans have paid all of these new taxes we are talking about, our national debt is going to be bigger, $1 trillion bigger at least, not smaller, and in fact, the annual deficit will be climbing, according to the budget resolution we have passed. So what happens is we get to a defining moment, and I would suggest that the gentleman's hour this evening is a defining moment here.

We have got debate on a tax plan right now, and we are focusing on taxes, when we should be focusing on cutting spending. We know that Americans know that.

We are setting a course for our national economic security for years to come, and we are not going to be doing it in a broad spectrum of the full will of this body, because my view is that the Committee on Rules is not going to allow that to happen. I hope I am wrong, but as we meet tomorrow, we will know.

Americans are demanding that we cut spending. That is the message that is coming in on my phone and through my mailbag, and I think for the first time in years there is a real momentum among people to bring down the Federal deficit by bringing down the size and scope and the waste in Government.

I am not quite sure why we are being asked to resort to punitive and inflationary tax increases at a time when so much waste and low-priority spending is continuing to bloat our Federal budget.

If you ask the question abroad in this country, has the Federal Government removed all waste from its budget, there is not a place across this country that you would not get a horselaugh if somebody answered "yes." So I suggest our tax problem is not our tax problem, it is our wasteful-spending problem.

If we were focused a little bit more on that, I think we would have a little bit more credibility with the people of this country. I think it is wrong to tell Americans that higher taxes are a given when we have not really begun to cut spending.

Tomorrow I and I know others are going to present the Committee on Rules with alternative plans. I am putting forward one that wipes out the energy and Social Security taxes in the bill and replaces them with $104 billion in spending cuts. It is a serious proposal. I have worked very hard on it.

If Members do not like my list of spending cuts, I hope they will come up with their own list, because there is certainly plenty to choose from. There is no doubt that that is the point that the people of this country are trying to convey to us, and we seem to be slow in getting the message.

I greatly thank the gentleman from Texas, the distinguished ranking member, for allowing me the opportunity to convey that message to the people tonight.

Mr. ARCHER. Mr. Speaker, I appreciate the contribution of the gentleman from Florida.

Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. GREENWOOD].

Mr. GREENWOOD. Mr. Speaker, I want to address that part of the reconciliation package that incorporates the President's vaccine proposal, and to encourage my colleagues to support a rule which would make the Camp/Klug/Greenwood, et al. amendment in order when the budget reconciliation proposal is debated by this House.

Like many of my colleagues, I am deeply concerned about the health of America's children and the sad state of immunization rates in this country. I am committed to making sure all children are vaccinated and that vaccinations are available to children whose parents cannot afford them. I do not, however, think that it is the Federal Government's role or responsibility to provide free vaccines to Donald Trump's children or to my daughters Katie and Laura.

Given the fiscal constraints facing the Federal Government, it does not make sense to establish a new entitlement program for well-off Americans. I believe the amendment I have developed with Mr. CAMP, Mr. KLUG, and others represents a much more responsible approach.

Perhaps I bring a special perspective to this issue. Prior to being elected to public office I served as a children and youth social worker. I am proud to have been considered an advocate for children throughout my tenure in the Pennsylvania legislature. I also was honored to serve on Governor Casey's commission for children and families. The commission spent a great deal of time looking at what works and what does not work when trying to ensure that children are immunized and that they are immunized at the appropriate age.

Through my experience I have seen firsthand what works for families that are impoverished and those with less than perfect parents. In developing our amendment, we incorporated what has been proven to work—and that is requiring parents to get their children immunized if they are to participate in State and Federally funded programs and school.

We have seen it work in Maryland, for example, where waivers provide AFDC sanctions and special needs allowances for recipients to encourage them to meet education and preventive health care requirements established by the State. We have seen it in every State where immunizations are required before children start school and as a result immunization rates reach 98 percent.

Our amendment simply proposes that States be granted the option to increase AFDC and food stamp benefits if parents comply with the immunization requirement or decrease the benefits if parents do not comply. States may use either or both of these financial inducements. The amendment also would provide $100 million per year for the purchase and delivery of vaccines for the approximately 400,000 uninsured children under age 5.

I proposed this kind of approach during the joint House/Senate hearing on the President's legislation which was attended by HHS Secretary Shalala. At the hearing Secretary Shalala indicated, "* * * we have experimented, using the WIC program, for example, using the Head Start Programs, to try to get more children in, and some of these economic incentives and other kinds of incentives have worked—I think we ought to do all of the above. I am not opposed, nor is the Clinton administration, to trying every kind of positive incentive of education program." When I queried the Secretary on whether she would support including such a requirement as a criterion for entry into certain programs, she replied "Yes, absolutely, absolutely."

Furthermore, during a recent visit to Cleveland, President Clinton said that he thought such an approach was "a good idea."

This is not a partisan issue. We need to encourage parents to take responsibility to ensure the health and safety of their children. I believe our amendment is a more responsible and less costly approach toward that goal. I would urge my colleagues to support it.

□ 1940

Mr. ARCHER. Would the gentleman tell this body what the total cost of his amendment would be as compared to what the cost of the Clinton proposal is, which was adopted in the committee?

Mr. GREENWOOD. Our proposal saves, over the course of 5 years, I believe the number is, $980 million, or nearly $1 billion in savings.

The extraordinary thing is that we save all of that money and, instead of raising the rate of immunization a mere 5 percent as we would expect from the President's proposal, we would raise the rate probably close to the 98 percent that we see at the age of 5 years old.

So, what we are seeing is many, many more children needing desperately the help of their Government to help the parents do what the parents should do: more children immunized; far, far less cost.

Mr. ARCHER. I compliment the gentleman on his approach.

The gentleman highlights what is present in many, many other categories; the extreme increase in spending on the part of the Clinton administration without the productive results; and that there are ways to accomplish these solutions to problems without opening the floodgates of the Federal treasury and, once again, having to go to the American taxpayers and say, "Pay some more to Washington." I think it is an excellent suggestion.

Mr. Speaker, I yield to the gentleman from Kentucky, Mr. BUNNING, a respected member of the Committee on Ways and Means.

(Mr. BUNNING asked and was given permission to revise and extend his remarks.)

Mr. BUNNING. I thank the gentleman, the ranking member of the Committee on Ways and Means, for yielding to me.

Mr. Speaker, my wife, Mary, has always been a big believer in the old saying—"If you can't say something nice about somebody, don't say anything at all."

She tries to get me to follow that advice. Sometimes, I manage to follow it. Sometimes, I do not do so well.

But Mr. Speaker, if I were following my wife's advice today and if the President of the United States was standing right here on the floor of this House and if he asked me what I thought of this tax bill, I would have to look the President of the United States in the eye and say to him, "Mr. President, that's a mighty nice haircut you got there."

Mr. Speaker, I would rather compliment someone for his $200 haircut than I would say anything nice about the President's tax bill.

In fact, I cannot find anything nice to say about a tax bill that raises taxes $322.4 billion in new taxes. It is just downright crazy.

Tax increases just do not reduce the deficit. Congress has proven that over and over again. Every time this body raises taxes, it just turns around and raises spending.

And I have never seen a single economic model which even begins to suggest that you can create prosperity with tax increases. It just cannot be done.

How soon we forget? You do not have to look any further back than 1990. The tax increase did not reduce the deficit. But it did help throw us into recession.

You just cannot ax your way to prosperity and you cannot tax your way to a balanced budget. It just will not work.

So, no, I do not like the President's tax package and I cannot think of anything nice to say about it.

The energy tax is bad policy—it is counterproductive policy. The waterway user fee is terrible. The Ways and Means Committee did cut this outrageous tax increase in half but that does not make it all that much better. It still is ridiculous.

But the one tax proposal in the President's proposal that stands out above all the others when it comes to unfairness and dishonesty, is the President's proposal to raise from 50 to 85 percent the portion of Social Security benefits that is taxable.

We are not talking about wealthy people here. We are talking about individuals with incomes over $25,000—couples over $32,000.

We are talking about people who managed to scrimp and save and put enough money away for his or her retirement years to have a modest income. It is a retirement planning penalty.

Some people have criticized the President's tax plan because it breaks his promise not to raise taxes on middle-class America. Generally they point to the energy tax—the Btu tax—as the culprit, because that tax is passed on to every consumer and every homeowner in the country. This is the trickle-down tax.

But the proposal to raise taxes on Social Security benefits is the real broken promise.

The administration fudged their numbers enough to be able to say that 70 percent of the increased tax burden would fall on people with incomes over $100,000. This is just not true.

But 70 percent of the increased revenue from the Social Security tax increase falls on people with incomes well under $100,000—generally seniors with incomes between $25,000–$50,000.

The President's tax plans singled out millionaires—people with incomes over $250,000—for that special 10 percent tax surcharge. But the Social Security tax increase does exactly the same for many people with incomes between $30,000 and $50,000. Many of these middle-class, retired folks will be hit with tax increases over 10 percent.

They are not millionaires. They are not even wealthy by most standards. But many Social Security recipients will be hit with 10, 11, 12, even 13 percent increases in their overall tax liability because of this proposal.

That is a crime. But it gets worse.

As Mr. GOSS and Mr. ARCHER have mentioned, over and above the outrageous inequity of this kind of tax increase for the elderly, there is another big problem with the Social Security tax increase.

Not only does it penalize savings and investment, it also breaks a sacred promise to Social Security recipients.

When the tax on Social Security benefits was enacted in 1983, the revenues were directed to the Social Security trust fund to insure its future solvency. That was the purpose of the tax—to keep the Social Security trust fund strong.

The administration's proposal does not do that. The President's proposal originally diverted the additional revenues to Medicare. We are talking about an outright raid on the Social Security trust fund. But Democrats on the Ways and Means Committee took it one further step and directed the new money straight into the General Treasury.

That makes the proposal to increase taxes on Social Security benefits an outrageous breach of faith to Social Security and senior citizens.

Mr. Speaker, the Social Security tax increase is not only bad policy, it is a broken promise and breach of faith.

I ask my colleagues to remember, that just 2 months ago, each and every one of you—who was here that day—voted for a motion to instruct House conferees to delete the Social Security tax increase.

The conferees did not do it. The Social Security tax increase is still here—in the reconciliation bill. You cannot hide behind that vote from March 25 any more.

If you vote for this reconciliation bill, you are voting for the largest tax increase in history and for an outrageous tax on senior citizens.

Mr. ARCHER. On the waterway user tax, what emerged and was clear in the bill is still a 250-percent tax increase, is it not?

Mr. BUNNING. It is. In other words, from 19 cents, a proposal of $1.19, we now have in the bill 69 cents.

Mr. ARCHER. Is it not also true that studies have shown that the use of barges on the water is the most efficient, and the least injurious to the environment, of any mode of transportation?

Mr. BUNNING. It also shows that very clearly.

Mr. ARCHER. And will this not have a major negative impact on the ability of that source of transportation to do its job in competition with other alternatives?

Mr. BUNNING. I can quote you chapter and verse from some of my very good friends who are in that business and who are going to be suffering. Instead of putting them out of business, as one of the members on our Ways and Means Committee said, in 5 years, it will now take 2 years under this proposal.

Mr. ARCHER. I thank the gentleman for making that point because it is very, very important to all of the people of this country.

□ 1950

Mr. ARCHER. Reclaiming my time, Mr. Speaker, why does the gentleman suppose that President Clinton and his Democrat majority in the House has decided to target senior citizen for this very punitive tax, particularly considering that the ones they target are the ones who sacrificed during their work lives in order to save for their own retirement so they would not be wards of government, or possibly have to continue to work in order to make ends meet?

Mr. BUNNING. Mr. Speaker, if the gentleman from Texas will yield, I do not know the answer, but the fact of the matter is, if there would have been something in this bill to allow a senior to earn more and remove the earnings limit also, I could understand a little better what they are proposing; but the fact of the matter is the penalty on the senior citizens and the breach of trust of the trust fund is something I am not able to comprehend.

Mr. ARCHER. Well, I share the gentleman's inability to comprehend it, because whether you are a union worker who forewent wages during the worklife in order to get a pension for him and then finds that because they get a pension benefit in their retirement years suddenly they are considered to be rich and their Social Security taxes are going to find that 85 percent of them are taxed by the Clinton Democrat program, they have got to wonder, "Why didn't I take my wages up front instead of foregoing them in exchange for a retirement program?"

Mr. BUNNING. Mr. Speaker, if the gentleman will continue to yield, even the Federal employee is going to be doubly penalized under this proposal, for the simple reason of the offset in the Federal retirement in direct relationship to the Social Security benefit; so we are not talking about people just on private pensions, we are talking about people on public pensions who are going to be penalized even more under this proposal.

Mr. ARCHER. Would the gentleman agree that most economists say that the biggest problem in the United States today is a lack of savings?

Mr. BUNNING. That is pretty much the case.

Mr. ARCHER. Would the gentleman further agree that this provision sends just the reverse signal to the American worker that they should not save, because if they save during their work lives they are going to be faced with the highest marginal tax of their entire lives once their Social Security benefits start being taken?

Mr. BUNNING. That is absolutely true.

Mr. ARCHER. That is precisely the wrong signal, in my opinion, to send to American workers.

I greatly thank the gentleman for his contribution.

Mr. BUNNING. Mr. Speaker, I thank the gentleman for the time.

Mr. ARCHER. Mr. Speaker, I yield to the gentleman from New Jersey [Mr. ZIMMER].

Mr. ZIMMER. Mr. Speaker, I thank the gentleman for yielding to me.

The eyes of America are on this House as they rightly should be this week as we struggle with the issue of whether to vote for the largest tax increase in this Nation's history, but the eyes of the Members of this House should in turn be on my State of New Jersey, because we have gone through a very similar experience. In fact, if the States are indeed the laboratories of democracy, then New Jersey is one laboratory that blew up because of an experiment that was endeavored to be performed by our Governor, former Congressman Jim Florio. This is an experiment which unfortunately Bill Clinton wants to replicate.

It was 3 years ago that Jim Florio took office after a campaign in which he said that we did not need to raise taxes, and in a very eerie situation of deja vu all over again, we can recall, those of us from New Jersey, that he took office and he said he was shocked to find that the deficit was far larger than he had anticipated it was, and it was all the fault of his Republican predecessor.

So in short order, he proposed a massive tax increase, the greatest tax increase in the history of our State, and he told the middle class whose taxes were going to be increased that they should feel good about it because the rich were going to pay even more.

It was railroaded through the Democratic State legislature, signed into law, and when that happened Jim Florio promised us that this massive tax increase was going to pave the way to prosperity for the State of New Jersey.

He promised us that New Jersey would lead the region and the Nation out of the recession, that we would no longer have annual budget crises, that we would no longer have to fix holes in our budget with one-shot gimmicks, that we would be a model for the rest of the Nation.

It is 3 years later now and that experiment has had an opportunity to play out.

And what has happened? New Jersey which in the 1980's had an unemployment rate that was 2 percent below the national average, with quite some consistency, now has the highest unemployment rate in the Nation amongst all industrialized States, 9.1 percent, 2 points above the national average, way above all our neighbors.

We are a basket case. The economists in the State of New Jersey are saying that there is no way out and they can see no light at the end of the tunnel.

We are leading the Nation in foreclosures. We have 1 family out of 110 declaring bankruptcy. Businesses are trying to escape the State of New Jersey, and the $2.8 billion tax increase which was the record-breaking tax increase that Jim Florio gained through legislation never yielded $2.8 billion, because the economy went in the tank. Jobs were lost, income was reduced, profits were lower, and so as a result the budget still was a mess and we have not been able to balance it without gimmicks and without one-shot expedients ever since.

□ 2000

That, I think, is very instructive for us here at the national level. It should teach us that we cannot tax our way to prosperity. It should teach us that the only way to achieve real stability, and real prosperity and real budget responsibility is cutting the spending, and in fact that is what a Republican legislature, which was overwhelmingly elected after the Florio taxes went through, forced the Governor to accept: major spending cuts.

But that should be the first alternative, and that, of course, is what all our constituents are telling us. They are telling us, "Cut first. Don't even talk to us about tax increases until you cut the spending."

It is ironic that yesterday Gov. Jim Florio was awarded the Profiles in Courage Award by members of the Kennedy family for, among other things, increasing taxes on the people of New Jersey. One reason it is ironic is because it was J.F.K. who advocated lower taxes. It was J.F.K. who said, "A rising tide lifts all boats." And it was J.F.K.'s tax cuts that gave us the prosperity of the 1960's. I think the real Profiles in Courage Award should go to those representatives at the State and Federal level who have the courage to cut spending rather than to take the easier route and increase taxes.

I yield back.

Mr. ARCHER. Mr. Speaker, I thank the gentleman from New Jersey [Mr. ZIMMER] for his contribution, and he has graphically portrayed a microcosmic example of what is involved in the Clinton Democrat budget of extremely high increases in taxes with virtually little or no spending reductions, particularly in the first 2 years, and I am sure the gentleman is aware that in the first 2 years of the Clinton Democrat budget proposal that will be represented in reconciliation on the floor, expected this week. It includes zero net spending reductions in the first 2 years. Now, there are some minor cuts in spending in a few categories, but the increased spending for new projects and new programs offsets the minor cuts that are part of the budget. So, the result is that there are zero zero net spending reductions in the first 2 years, whereas the taxes, the massive tax increases, are effective immediately, and in some cases retroactively to the first of January this year.

So, it is a parallel to exactly what the gentleman from New Jersey [Mr. ZIMMER] has laid out before this body that occurred in New Jersey, and clearly, if we are going to work our way out of this fiscal mess, we must have a dynamic economy with workers improving their standard of living, generating a greater gross national product, and higher and higher taxes clearly are negative to that.

Mr. ZIMMER. Mr. Speaker, if the gentleman would yield, I think that New Jersey is a case study in that. It is exhibit No. 1. It is a shame that millions of New Jerseyans have had to suffer economically to teach the Nation this lesson while other States which face similar crisis resisted the temptation to increase taxes. They cut spending, and they are having unemployment rates lower than the national average. They are coming out of this recession, States like Massachusetts under Governor Weld, Michigan under Governor Engler and so on—Wisconsin under Governor Thompson. These are States that did not succumb to the temptation of increased taxes, but rather to live within their means and to allow the private sector to bring prosperity and more revenues to those governments.

Mr. ARCHER. Mr. Speaker, I thank the gentleman from New Jersey [Mr. ZIMMER], and I now yield to the gentleman from Illinois [Mr. EWING].

Mr. EWING. Mr. Speaker, I thank the gentleman from Texas [Mr. ARCHER], and I want to congratulate him for holding this special order tonight on the eve of what may be a most momentous vote in this House in the next 2 days on the largest tax increase in the history of America. Certainly the viewers of this proceeding have every right to know what is happening in their House, this House here, and I would like to talk about all of it which the gentlemen have so eloquently gone into. I would just like to comment a little bit about what the tax increase means to the agricultural economy of America.

Mr. Speaker, there are several things in this reconciliation bill that should make American agriculture stand up and maybe shiver with fear. First of all, as we came out of the Agriculture Committee on a very partisan vote with the reconciliation bill, we are going to cut over $3 billion from production agriculture. Those are the programs that are meant to keep America competitive, to allow the American farmer to put reasonable food on the table of Americans and yet be competitive in the world market. But we are going to cut $3 billion out of that. That is an 11 percent cut in the budget, and that is on top of 4 years of cuts in the neighborhood of 10 percent each year. So, this could very well cripple our farm program.

But in addition to that, Mr. Speaker, then, of course, we are going to raise spending $7 billion for the food stamp program, which to most of Americans will make it look like the agricultural segment is getting $4 billion in new money.

But included along with all of this are the tax effects on the agricultural industry of America. It is truly the finest agricultural industry in the world. We could put them in dire straits with the Btu tax, and we should not be fooled because they took half of the Btu tax off. It is still a terrible tax on an industry that everything they use incorporates energy into the product that they make, whether it is livestock, whether it is corn, soybeans, tobacco, cotton. It does not matter, Mr. Speaker, and this tax will cost the average farmer, even with the reduction, hundreds of dollars for each average farmer.

And then we add to it the waterway tax which is particularly heavy on the mid-States, Illinois, Iowa, the States that depend on the waterway and the Mississippi river, and this will cost us 3 to 6 cents a bushel for every bushel of grain that we want to ship. It is a tremendous burden, another $800 out of the pockets of the average farmer.

When we take the cuts in their programs, Mr. Speaker, the new taxes, we have a brewing disaster in rural America, and I predict we will be back here trying to resolve it with Federal dollars within the next 2 years, and all of that when we could turn loose the great engine of this country that drives our economy and let the private sector do it.

Of the $70 billion the administration hopes to raise from the Btu tax, Mr. Speaker, we are going to give 40 back, or somewhere in that neighborhood, to new programs to justify the raising of the $70 to $80 billion in the Btu tax. We would not even have to have all the Btu tax if we were not going to have these programs to make lower income Americans hold themselves harmless from this tax—

Mr. ARCHER. Mr. Speaker, will the gentleman allow me to comment on that?

Mr. EWING. Certainly.

Mr. ARCHER. It was interesting to me that last night one of the Members said it was going to be the tax and the higher rates on the rich that was going to pay for these extra welfare benefits, but in reality the extra spending that the gentleman talked about was put in the bill to soften the very negative impact, regressive impact, of the energy tax on these lower income people. So, the gentleman is absolutely correct that a tax that will generate in gross roughly $100 billion of new revenue for the Federal Treasury after all of the deductions and paybacks will only impact on the deficit to the amount of $31 billion.

Mr. EWING. It is incredible. We are going to make lower income people out of American farmers, and while they will be paying the tax, there will be no reimbursement to them through these programs. They are going to pay—middle-class America, farmers, laborers—all of us are going to pay this Btu tax, and we are going to take out of our economy $70 billion or more and let the Government spend it.

□ 2010

I think it will have devastating effect on Illinois. Probably thousands of jobs will be lost. In fact, there are predictions that in my district alone we will lose 1,000 jobs because of the Btu tax.

Mr. Speaker, I would like to make one other point. There was a tradeoff on the Btu tax. We have had ethanol. We have been trying to promote ethanol for a number of years. It makes good sense. It is renewable fuel made from a renewable source by American workers in this country. They are able to do that because of the tax exemption they had.

The exemption has been in and out, whether ethanol would be covered by the Btu tax. It was in, it was out, and it is back in. It can kill this industry. In addition, it will stifle the growth of the sale of corn in America for this very use, a way that we can take our corn and make it into gasoline additives and put it into our cars. It is crazy that we should be doing that. I know that the gentleman from Texas [Mr. ARCHER] knows that. I know the gentleman fought against it.

Because it is back on ethanol, then we are going to take half of the Btu tax off of diesel fuel. I understand we may have to color it purple so that we can tell that which should be taxed from that which should not be taxed for American farmers. That ought to be an interesting enforcement problem for this administration.

Mr. ARCHER. Mr. Speaker, the gentleman makes an excellent point, and particularly concerning the energy tax on fuel. It is going to open up the door to massive evasion, tax evasion, because home heating oil, which gets an exemption from the punitive oil tax but not from the basic tax, and those people who buy home heating oil should understand that for the first time there is going to be a Federal tax on what they use to heat their homes, but it just will not be as big as the tax on diesel fuel.

Yet, home heating oil has the same chemical properties as diesel fuel, and you can be sure that a lot of home heating oil will be driving trucks on the highways of this country before all is said and done.

Mr. Speaker, I would thank the gentleman for his points, which were extremely well taken. In addition, I would add for the farmers of this country, every single product that they buy that has been manufactured in the United States of America will increase in cost because of what our colleague from Kentucky, Mr. BUNNING, called the trickle-down energy tax, whether it is in the clothes they buy with synthetic fabric to put on their backs, or whether it is the fertilizer that they buy that is made from energy, or whether it is any aspect of their lives. The equipment they buy that is made from steel, which requires tremendous consumption of energy, they are going to see their costs increase tremendously

Mr. EWING. Mr. Speaker, one thing I discovered recently in studying this legislation, which may have already been said here, that just incensed me is the fact that we have indexed it to inflation. So every year we can increase the tax on Americans silently, steal it in the middle of the night and bring it back to Washington. We ought to be ashamed of that type of action in this body.

Mr. ARCHER. I thank the gentleman from Illinois for his contribution.

Mr. Speaker, I yield to the gentleman from Wisconsin [Mr. KLUG].

Mr. KLUG. Mr. Speaker, I would like to thank my colleague, the distinguished ranking member of the Committee on Ways and Means, the gentleman from Texas [Mr. ARCHER]. As you know, the gentleman made the point a few minutes ago that the President's budget actually in the first 2 years increases spending. A number of my colleagues on the other side of the aisle are still intrigued with the possibility of trying to offer an alternative to the President's budget which would strip out the Btu tax and instead substitute it with cuts.

If I could for the next few minutes, I would like to point out a proposal drafted by a number of my Republican colleagues on the Committee on Ways and Means, the Committee on Education and Labor, and the Committee on Energy and Commerce, on which I sit, which will explain one of the reasons that the President's budget actually increases spending in a number of areas.

While frankly, in this area, it is another substitute we would like to see offered and approved by the Committee on Rules so we would have an opportunity to reduce spending, this is again a perfect illustration why the President's budget increases spending on some programs and not necessarily intelligently so.

My Democratic colleagues in the House right now are talking about trying to figure out a way to put caps on entitlement programs. As anybody who has taken a look at the Federal deficit understands, nearly 50 cents of every dollar we spend here in Washington goes to entitlement programs. Those are programs which rise every year by the cost of living, whether those of us who are in Congress do anything whatsoever.

Now, the President and his administration suggested several weeks ago we were about to announce a $4 billion entitlement program for childhood immunization. I, like a number of my colleagues in the House, and I am sure the gentleman from Texas [Mr. ARCHER] is one of them, am deeply concerned about pockets in this country where the immunization rate is actually much lower than Third World countries. I think we are all horrified by that.

But if we are going to be spending money on a new program to solve the childhood immunization program, I would suspect a $4 billion entitlement program is not the way to do that.

Initially, the administration, incredibly, wanted to nationalize the vaccination business in the United States, to take it completely over. The Federal Government would buy every single dose of vaccination, of immunization sold in the United States.

Now, does it really make sense when we have a $3 trillion deficit to have the Federal Government buy the vaccination to treat Donald Trump's kids or Ross Perot's grandchildren? Where is the sense in that?

So the administration came back several weeks ago and cut it from $4 billion to $2 billion. But again let me take a minute to explain some of what happens.

First of all, every year right now the Federal Government covers about 6.5 million children under the Medicaid Program. Right now the Federal Government picks up 55 percent of the cost of the vaccinations and the State governments pick up 45 percent of the cost. That is the way it has been for years and the way we think it should continue.

But under the President's current proposal, the Federal Government will now pick up 100 percent of the cost of immunizing children under Medicaid in the United States.

Now, as I am sure my distinguished colleague, the gentleman from Texas [Mr. ARCHER], appreciates the fact, most State budgets in the United States are in the black and the Federal Government's budget is in the red. So why in God's name are we about to basically double the outlay of the Federal Government to buy vaccinations for kids covered under the Medicaid Program? That is not part of the problem.

In addition, the administration's proposal is going to cover another 4 million children plus whose families have insurance but who do not have childhood immunization covered under the package.

The Congressional Budget Office estimates that that decision will basically provide coverage to 4 million children whose families make more than $29,000 a year. Again, it could be Donald Trump's kids and he could have the best health insurance plan in the country, but it simply does not cover immunizations. We are then going to have the Federal Government pay the cost, and that is another $800 million a year.

Why are we spending $800 million a year to vaccinate children of folks who make more than $30,000 a year? If you take a look, interestingly, at a number of health care plans offered for Members of Congress, you will discover that many of us under our current health care plans do not have immunization coverage. So for Members of Congress, who make more than $130,000 a year, the Federal Government is going to turn around and buy our children immunization programs.

Mr. Speaker, this is where we really should be spending money, which is on the last line here, which is 400,000 more kids under the age of 5 whose families make less than $30,000 a year and who have no health insurance. That is money spent wisely, and that is what the Republican alternative will do.

Mr. Speaker, let me make another point. If you look at who does not have immunization in this country and what kids have not been vaccinated, it is clear that there is a high correlation between poverty, families on public assistance, and children who have not received immunizations.

In my home State of Wisconsin, in Milwaukee, several years ago, there was a horrendous outbreak of measles. So the assumption has been that somehow the cost of vaccination prevented those kids from getting the treatment they should.

But look at this. In Milwaukee nearly 90 percent of the children who are eligible for Medicaid coverage, where vaccinations are already provided free, had not gotten vaccinated. And look at these percentages for Los Angeles, 70 percent, and for Chicago, above 60 percent, and for Dallas, in the home State of the gentleman from Texas [Mr. ARCHER], the figure is about 40 percent.

☐ 2020

Now, there are 11 States in this country which already provide vaccinations free to everybody who asks for them. No questions asked. And the public vaccination rate in those areas, the public vaccination rates in those areas are at about 62 or 63 percent. And in States like my home State of Wisconsin, where there is a mix of public and private, and the Federal Government picks up the tab for families who cannot afford it and for families who can, including Members of Congress, we pay our own bills, and in those States, we discover that the vaccination rate is about 58 percent.

So if there is a cost problem in this country, it may be for 5 percent, maybe 10 percent of the population who are marginally pushed out of programs. But there is no evidence whatsoever to suggest that cost alone is the major barrier.

The major barrier, as I am sure the gentleman from Texas [Mr. ARCHER] understands, is the fact that we have a number of families who simply will not take responsibility for their own children.

So here is what the Republican alternative will do. Rather than spending $2 billion, we spend about $200 million, save the taxpayers $1.8 billion that does not have to be spent on families who make more than $30,000 a year.

First of all, it obviously reduces the unnecessary Federal funding. Under the Medicaid Program, we are again, rather than paying half the cost for immunization of children in Medicaid, we are now going to pick up the whole tab. And rather than providing another $800 million in Federal funding for families who make more than $30,000 a year, we are going to push it specifically at kids who are not being vaccinated.

We are going to spend, under the Republican plan, an extra $50 million a year to give the States for community outreach and community education. We are going to spend another $75 million a year giving States the opportunity to track children, to make sure that kids get an immunization shot once and complete the cycle, because oftentimes between the age of zero and 5, when they finally head to kindergarten, where about 96 percent of the kids are immunized, kids drop out of the program, and they get one DPT shot or one measles shot and then completely disappear.

So we are going to make $50 million available for States to do outreach programs, another $75 million a year to give States the money to track kids.

And then finally, here is the important point, we are going to turn around and give States across this country the opportunity to leverage public assistance programs, to make sure that the parents, who right now are not getting their kids immunized, will get them immunized. This is already being tried in a number of places across this country.

For example, in the State of South Carolina, there is now a law on the books that says no child can get into any kind of day-care setting unless they have been immunized. There is a law in Maryland, for example, that says any family that gets their kids covered under Medicaid and gets their child an annual checkup gets a $20 bonus for each child. And if they do not get their child immunized, their AFDC payments get cut.

The gentleman from Texas [Mr. ARCHER] will appreciate that fact, because there is some hard empirical evidence that for the 5 months leading up to the Maryland program, where it simply laid out the responsibility and the obligation to get kids vaccinated, there was no increase whatsoever in the level of children who were being vaccinated in the program. And then Maryland put the provision in the law which also had parental responsibility and parental penalties. And in the first 3 months after that law was enacted, an additional 3,500 children showed up at Maryland vaccination clinics. And State officials were absolutely dumbfounded.

So the Republican initiative says to those States, you have got a waiver to try any kind of program you want, whether it is the Maryland program, which says there is a bonus if you get your kids immunized and penalties if you don't, whether it is the South Carolina program, which bans kids from getting into preschool programs and into day-care programs unless they have been immunized, whether it is the Georgia program, which already specifically indicates that if families do not get their kinds immunized, then their AFDC payments will be cut back.

Now, some of my colleagues will say that is being tough on poor families, but certainly the indications are, in a number of welfare reform proposals that my colleague, the gentleman from Pennsylvania [Mr. SANTORUM] has been involved with, a colleague of the gentleman from Texas [Mr. ARCHER] on the Committee on Ways and Means, the indications are clear that money alone is not a barrier to get children immunized.

Parental responsibility has to play a key role. So in the day ahead, for those Americans having an opportunity to watch this program tonight, there are several key points. Are we going to rush forward with a Btu tax that my colleague, the gentleman from Texas [Mr. ARCHER] and the gentleman from New Jersey [Mr. ZIMMER] and the gentleman from Illinois [Mr. EWING] have made a very passionate case against, because it is simply bad economics. You cannot tax your way to prosperity. Washington has never had a revenue problem; Washington has always had a spending problem.

And if, as we heard Republican and Democratic speakers say throughout last year's Presidential Conventions, and throughout the conventions themselves, even Barbara Jordan, a colleague of the gentleman from Texas [Mr. ARCHER], a black woman, very prominent Democrat, talked about cutting back entitlement programs.

My colleagues, again on the Democratic side here, and I applaud the gentleman from Texas, Congressman STENHOLM, and others who are willing to say we will never get a handle on Federal spending unless we cap entitlement programs. And here we find, tucked in the Clinton budget, a $2 billion program that will create new entitlement spending, that will increase every year and again provide vaccinations and immunizations to families who make $30,000 a year, to Members of Congress, if their health insurance does not cover it at $130,000 a year, and again to Ross Perot's grandchildren or Donald Trump's kids.

We cannot do it. We are broke. And if we are going to spend money, consider the Republican alternative, which spends $225 million in the pockets of immunization shortages that the Centers for Disease Control has already identified and does not spend money in Sausalito and in the rich suburbs of Chicago or the boroughs of Manhattan, where we do not need to spend any more Federal money.

I applaud my colleague for all the work he has done on the Committee on Ways and Means to show the shortfall of the Btu tax.

It is my sincere hope that my Democratic colleagues will be allowed to offer their amendments in the Committee on Rules, and I also hope that in the end the Committee on Rules will allow us to offer the Republican alternative to spend $200 million to take care of the kids who need the help and save another $1.8 billion that does not need to be spent.

Mr. ARCHER. Mr. Speaker, I thank the gentleman for his graphic presentation, which I am sure the American people will understand that we do not need broad, new entitlement programs to solve problems.

Mr. KLUG. Absolutely not.

Mr. ARCHER. That is the important point that we are trying to make.

We also do not need massive new tax increases. We need to restrain the appetite of the Federal Government for spending. I am sure the gentleman will join with me in urging the Committee on Rules to make in order the Kasich budget alternative, a complete alternative for this high tax budget of the Clinton Democrats that will get the deficit down by the same amount without any tax increases.

I rather suspect that when we go before the Committee on Rules later this week, controlled by a big majority of Democrats, that they will accommodate their leadership's directions and prohibit even a vote on that.

It has specific spending cuts in it that the President has asked for. It has already been voted on once this year and defeated by a straight party line vote. I would, once again, ask our Democrat colleagues to go to the President and tell him, the Republicans are not nay sayers. They have an alternative. We have already voted down those specific spending cuts.

They should tell him, "Mr. President, take a look again."

So let us wait and see what the Committee on Rules does in making in order your amendment to prevent and obviate the need for another massive entitlements program and the overall Kasich budget, which would eliminate the need for any new taxes.

Mr. KLUG. I thank the gentleman. I think he makes an excellent point.

My colleague from Texas is absolutely right in this area. Again, the problem in Washington has always been a problem of expense, never a problem of revenue. And there is no evidence whatsoever that the Btu tax is going to help the economy one bit.

And there is not any evidence, again, based on what the gentleman from New Jersey [Mr. ZIMMER] had to say, that it is going to do much to solve the budget deficit.

Tax increases did not solve the budget deficit in New Jersey. Tax increases did not solve the budget deficit in California. And it is my sincere hope that when we look forward to the Committee on Rules action later this week, that even if we are allowed to debate this issue and we lose, that at the very least we should be able to debate and offer Republican alternatives, including the budget substitute of the gentleman from Ohio [Mr. KASICH] and including the immunization alternative developed by my colleagues on the Committee on Energy and Commerce, the Committee on Ways an Means, and the Committee on Education and Labor.

Mr. GRANDY. Mr. Speaker, the agricultural community is being asked to shoulder an unfair unequal portion of the energy and barge user fee taxes.

The energy tax hits farmers three times: Higher production costs, higher indirect costs, and higher transportation costs. Production agriculture can not pass on these increased costs. The impact is only compounded by the fact that farmers are also consumers and will have to pay higher prices on their consumer products due to the energy tax.

Many articles have reported that agriculture interests were protected when the Ways and Means Committee adopted the Democrat amendment regarding a Btu tax exemption. Here's the rest of the story.

The Ways and Means Committee attempted to make the Btu tax more palatable to the agricultural community by exempting diesel fuel utilized for off-road purposes from the supplemental Btu tax of $.342 per million Btu's. This reduced the tax that farmers will pay on diesel fuel from 8.37 cents per gallon to 3.59 cents per gallon.

Assuming that approximately 95 percent of the 2.8 billion gallons of diesel fuel used per year on the farm qualifies for the limited exemption, it would reduce the farmers' cost for the Btu tax on diesel from $232 million to $107 million per year.

However, some of this savings is reclaimed, as the Ways and Means Committee raised the basic Btu rate from $.257 per million Btu to $2.68 per million Btu's to offset the exemption given to agriculture. This has the impact of raising the Btu tax on other energy utilized in agriculture by $12 million.

Custom harvesters will be devastated by the proposed Btu tax. Energy is the very core of the harvesting business. Each year roughly 48,000 gallons of fuel is consumed by the harvesting operations. The energy tax could increase their operating costs by more than $4,000 a year.

Custom harvesters face further problems from another proposal in the budget plan which would reduce the deductibility of their meals to only 50 percent. This would increase harvesters' costs by another $1,000.

The American Farm Bureau has estimated that the proposed Btu tax and the adjustments in farm program payments will cost farmers $1.7 billion per year when fully implemented. When President Clinton promised during his campaign not to raise taxes on the middle class, I am sure the rural communities did not know that he intended to do this by lowering incomes. Full-time commercial farmers will see their incomes reduced over $2,500 per year due to lower revenues as a result of the tax plan.

Despite cutbacks in other areas of the USDA budget, the administration proposed that $7.3 billion be added to the Food Stamp Program. The irony of the proposed budget is the fact that the administration is requesting approximately $4 billion for low income energy assistance to offset that impact of the Btu tax. In other words, the reason that the agriculture budget is reduced by $3 billion per year is to pay for the increased food stamp assistance which is necessary due to the Btu tax. The effect on farmers is compounded by this act; higher input costs due to the energy tax and lower farm program payments.

Unfortunately, the higher cost to agriculture does not end there. The House Ways and Means Committee proposal also contains a very convoluted provision which requires diesel fuel to be dyed different colors depending on whether the fuel will be used for on-road or off-road vehicles.

This provision will require most commercial farmers, who have trucks and pickups that run on diesel fuel, to purchase new diesel fuel storage tanks and pumping equipment to separate the two fuels. The cost of such equipment will probably average between $1,000 and $1,200 per unit. Somewhere between 400,000 and 500,000 farms will most likely have to install such equipment. The total capital cost for the agricultural community will be $500 million. Therefore, the annual capital replacement costs plus annual operation and maintenance costs will be about $70 million per year just to separate their diesel fuel.

Farm cooperative suppliers and other petroleum marketers will also feel the impact of this dying proposal. The cost of installing a 12,000-gallon tank for a distribution facility is approximately $30,000 to $35,000. This estimate from Mobil Oil.

In addition to all the above costs, there is another area that has been seldom mentioned in the discussion of the Btu tax proposal. The administration's Btu tax proposal rescinds a 22.5 cent per gallon special tax on fuel set to expire September 30, 1995. This tax was part of the Omnibus Budget Reconciliation Act of 1990, which increased the manufacturer's excise tax on these fuels by 5 cents per gallon effective December 1, 1990, and extended the expiration date for these taxes, formally September 30, 1993, to September 30, 1995. Half of the increased 2.5 cents per gallon goes to the general fund of the Treasury for deficit reduction rather than to the Transportation trust fund. Therefore, these taxes were not and continue to not be subject to the off-road fuel exemption. This will cost the agriculture industry $105 million per year.

The Ways and Means Committee added insult to to agriculture's injuries by adopting the proposal to strike the exemption for ethanol, a product of corn, from the Btu tax. The committee provided exemptions for other renewable fuels. Few things are as renewable as corn, especially in the State of Iowa.

This budget package increases farmers energy and input costs, decreases market development for ethanol, and lowers farm program payments—but wait that's not all——

INLAND WATERWAY USER FEE

President Clinton has proposed a $1.00 phase in increase of the inland waterways diesel fuel tax by 1997. This tax will have a significant impact on methods and patterns of transportation. Presently, the barge industry pays a fuel tax of 17 cents per gallon. In 1994 the tax is scheduled to increase to 19 cents per gallon. The current fuel tax is used to fund new waterway construction projects. The new additional tax will be used to fund all operations and maintenance costs of the Corps of Engineers.

Six Democrats on the Ways and Means Committee signed a 4-page letter to Chairman ROSTENKOWSKI which outlined the parameters of the devastating effects of the barge tax. The members recognized that the proposed tax could have a very expensive environmental price tag. My colleagues stated that "Eliminating even one small river tow of 12 barges could add 720 tractor trailers to the highways with resultant air pollution, traffic congestion, wear and tear on the roads, and higher consumer costs."

The letter stated that the barge industry is capable of moving 1 ton of commodity 514 miles per gallon compared to 202 miles per gallon for the rail industry and 59.2 miles per gallon for the trucking industry. Further, these members of the Ways and Means Committee stated, "Major grain producing areas which would be affected as a result of increased costs include those in the Columbia River Basin and the Mississippi and the Missouri River Basins." These members asked that this proposal be deferred until the administration and Congress had conducted a complete review of the environmental and export-market impact. Although it appeared that these members understood the potential for very far reaching dramatic impacts of this tax proposal, these members voted to raise the barge tax by 50 cents instead of the $1.00. So, it will just take a bit longer for the devistation to unfold.

If this fuel tax is imposed on the barge industry it will have a stifling effect not only on the barge industry but also on the agriculture and coal industries, and on rural communities along the river which depend on the waterway for its lifeblood. The administration contends that "[t]he economic impacts upon the system and its users will not be excessive". Recall that the proposal by the administration was a 525-percent tax increase. The amended version which was introduced and passed by the Democratic members of the Ways and Means Committee, imposes only a 262.5-percent on the industry.

Sinking the barge industry would have a wide-ranging economic impact. Barges transport 15 percent of the Nation's goods including more than half the export grain, a quarter of the coal and 30 percent of the petroleum and petroleum products in the nation.

The OMB describes inland waterways "as the most heavily subsidized form of commercial freight transportation." This is a blatant misrepresention. CBO has calculated the Federal investment based on a percentage of the freight bill rather than on a basis of per ton-mile. The barge industry is being penalized for being efficient. If their rates were higher, CBO's formula would show that their subsidy was lower.

OMB justified the 525 percent proposed increase by stating that "Since the inland waterway system was constructed for commercial navigation beneficiaries, they should pay for all corps operation and maintenance costs". OMB's rationale incorrectly assumes that the barge industry is the sole beneficiary of the locks and dams which comprise the inland waterway system. The corps mission to operate and maintain the locks and dams is not restricted to commercial navigation, but includes flood control, hydropower, municipal and agricultural water supply, and recreation.

Passenger vessels, State, local, and Federal Government crafts and recreational vessels also use the inland waterways. However, these vessels are currently exempt from the fuel tax. There is no indication that they will share the burden of this additional fuel tax.

The recently released GAO study, "Maritime Industry: Federal Assessments Levied on Commercial Vessels" shows that waterborne commerce currently bears a heavy tax burden. Assessments levied by 12 Federal agencies on waterborne trade totaled $1.9 billion in fiscal year 1991 alone.

The U.S. Department of Transportation measures energy efficiency by the number of Btu's required to move 1 ton of cargo 1 mile, a ton mile. Shallow draft water transportation has proven to be the most energy efficient method of freight transportation for moving bulk raw materials. A recent report by the U.S. Department of Transportation Maritime Administration compares the fuel efficiency of rail and water transport. Barges expend 433 Btu's per ton mile; while it takes 696 Btu's to move the material by rail.

ENVIRONMENTAL ADVANTAGES

The administration has taken affirmative steps to advance environmental initiatives. However proposals that divert transportation from waterways to roads and rail fly in the face of responsible environmental initiatives.

Environmentalists should be up in arms at the very proposal of barge tax due to the fact that the administration critically jeopardizes the environment. The U.S. Department of Transportation, Maritime Administration recently reported that:

> Barge transportation is a low-energy form of transportation, and shifts of traffic to high-energy forms would be inconsistent with the nation's energy conservation efforts. The environmental advantages of water transport should be weighed when considering any activity that would result in a shift of cargo from the waterways to a land form of transport.

Barges are environmentally friendly, the transportation paths are away from densely populated centers. Barges are double hulled and have compartmented cargo tanks, which improves transportation safety. Conversely, virtually all railroad tank cars are equipped with single-skin tanks. The nation will be sacrificing environmental protection by shifting from barges to rail.

For each barge load diverted to rail 10 to 40 rail cars must be utilized to carry the same tonnage. Most transportation systems cause a great deal of air and noise pollution, road traffic is the greatest offender. Conversely, barge transportation has a relatively minor impact on air quality, consumes less energy and emits an insignificant amount of noise.

BARGE FEE AND AGRICULTURE

The U.S. Corps of Engineers reported that in 1991, 73.3 million tons of agricultural products were transported on the Mississippi River and its tributaries. In 1991, 65 percent of all U.S. grain exports, a total of 63 million tons with a total value of $10 to $15 billion, moved on the inland waterways.

On April 5, 1993 the corps released its analysis on the effect of the proposed user fee. According to the corps, about 38 percent of the barge grain traffic would be diverted to the railroads. The corps also estimated that the additional costs to the shippers of farm products would amount to $137 million.

Diversion of cargo to other modes of transportation does not make sense because barge transportation is the most fuel-efficient and environmentally friendly mode of transportation.

Towboats which move barges burn approximately 1 gallon of fuel for every 1 horsepower per day used. Therefore, a 5,000-horsepower tugboat burns 5,000 gallons of diesel fuel per day. Presently, at the 17 cent per gallon rate it costs the barge company $850 a day for the fuel tax. The 50 cent fuel tax increase would increase the barge company's fuel tax costs to $2,925 per day.

This tax would also impact the products moving upstream. Fertilizer is a major commodity which travels up river. This tax would add significant costs to farm inputs. A barge company has informed me that for every 10 cents/gallon tax increase amounts to 66.5 cents per ton delivered to Sioux City, IA. A tax of 50 cents per gallon equates to $3.33 extra cost. Hence, the total freight bill for bringing fertilizer upstream will be roughly $6.70 per ton.

The proposed fuel tax hits close to home. An additional fuel tax of 10 cents per gallon increases the barge company's operating costs by 4.5 to 5.0 percent. Hence, a 50 cent increase would impose transportation costs of 10 cents per bushel for grain leaving Sioux City.

In 1985 the Department of Agriculture studied an inland waterway user fee proposal that would have imposed an additional 5 cents per bushel tax or roughly an additional $1,000 per barge load. The study showed that the farmer would bear 70 percent of this cost. Raising the barge fuel tax from 19 cents to 69 cents will equate to roughly a $6,900 a day tax increase for a barge that burns 10,000 gallons of fuel. This will also be borne primarily by the farmer. The National Grain and Feed Association estimates that this tax will cause declines in annual farm income of up to $220 million per year, just in those States which border the waterways.

The administration has not considered the impacts of the barge fuel tax proposal on transportation infrastructure. Since the enactment of the Staggers Act of 1980, the number of major rail carriers has been substantially reduced through mergers and consolidation. The remaining rail carriers naturally exercise significantly greater power in a now substantially deregulated environment.

Since the late 1980's, agricultural rail shippers have experienced significant periods during each marketing year when rail cars have not been available for timely shipment of grain and oilseeds. This has resulted in lost market opportunities and lower cash prices for local producers. The disparity of this situation will only be accelerated by this tax on barge fuel.

Exports of U.S. grains and coal are directly impacted by taxes and user fees because the prices are determined by worldwide supply and demand. It is very unlikely that this proposed increase in transportation costs could be passed on to foreign buyers who have a large choice of alternative suppliers.

The recent GAO study reports that a typical 50,000 metric ton shipment of corn from New Orleans to Japan via the Panama Canal incurs $120,423 in maritime and user fees. The proposed $0.50 increase in the inland waterways fuel tax would add another $136,800 in costs to such a shipment, bringing the total taxes and user fees associated with a typical export of corn to a staggering $257,223 or $5.14 per metric ton.

This barge fuel tax increases the cost of coal in addition to the Btu tax. Currently, the fuel cost for coal exported from the Ohio Valley is $3.29 per ton from the Kanawha River to the Gulf of Mexico would rise to $5.50 per ton when the $0.50 fuel tax is imposed. Fuel costs for the iron and steel industries would dramatically rise—from $1.18 per ton to $2.00 per ton for hauls from Big Sandy to Pittsburgh.

Electricity generation costs would rise. Eighty percent of the barged coal goes to electric utilities, and half of the Nation's electricity comes from coal. One electric utility, Southern Co., estimates that the $0.50 tax will raise its annual coal bill by $10.5 million. For electric utilities, adjusting to higher coal prices will be more complex than merely passing on the increase to consumers.

OMB'S RESPONSE

On May 13, 1993, the Office of Management and Budget responded to some of the questions regarding the proposed inland waterway user fee which arose during the Ways and Means Committee markup session on the fiscal year 1994 budget reconciliation bill.

The OMB reinerated that it was the administration's intent to increase the barge fuel tax to recover the cost of operation and maintenance of the inland waterway. OMB stated that it is the administration's intent that the increased fee be imposed upon the users of the system. There is one very simple flaw to this proposed tax—the burden is not shared by all the users; in fact only one industry bears the costs—barges, not the recreational user, not the home owner that benefits from the flood control which the waterway provides, not the power company or municipality which uses the waterway for power production—only the barge industry pays the bill.

OMB recognized that the tax may have some impact on the industry, but recommended that "the phase-in process should properly be begun while any questions about the data are resolved." It appears that OMB would rather wait and see the extent of the devastation on the barge industry and rural communities before considering altering the tax increase.

OMB further stated, "the administration recognizes that there will be some economic impacts in moving toward a user fee that covers the full costs of the system, regardless of the merits of doing so. However, the administration believes that the pain of that transition will be less than some observers have suggested." OMB contends the estimates by the Corp of Engineers that approximately 38 percent of the barge grain traffic, approximately 30,278 tons, will be diverted to rail are too high. However, OMB did admit that it estimated that up to 25 percent of the grain transported would be redirected to rails—only 19,780 tons.

OMB does not believe that rail rates will increase as a result of the increase in the inland Waterway user fee. Although, a recent study by Food and Agricultural Policy Research Institute, University of Missouri indicates that rail rates increase roughly 3 cents for every 10-cent increase in barge rates. The report further stated that the proposed increase in the barge user fee would directly affect the cost of transporting grain down river to the ocean terminals as well as moving fertilizer inland.

However, in the next breath OMB acknowledge that farm income would decline and that deficiency payments would probably increase, but declared that the decreased income taxes paid by farmers would be offset by the additional income taxes paid by railroads.

The merchandising margins in the coal, agricultural products, and commodity areas are very narrow, as are the operating margins of most barge carriers. A tax increase of this magnitude is larger than the combined margins of both the export grain and barge industries. Obviously, this tax cannot be absorbed by these industries.

The only segment remaining to absorb this tax is the producer himself. A 1985 study by the Department of Agriculture showed that the farmer would incur 75 percent of a $0.05 per bushel fuel tax. Therefore, the farmer will receive less for his products. Further, the USDA has reported that a $0.05 per bushel decline in corn price would cause additional government costs ranging from $300 to $500 million for corn and feed grains alone. The Federal Government would incur additional program costs due to lower wheat and soybean prices.

The American Farm Bureau estimates that farm revenues will be reduced by almost $150 million per year as it will be the farmer paying for the increased shipping costs due to the fact the barge company can not pass the costs forward and still deliver a product at a competitive price to the world market.

The present proposal estimates revenues in 1997 from this tax to be $486 million. However, this estimate is based on traffic volume remaining constant or even increasing slightly. It is highly unlikely that the barge industry will thrive when burdened with a tax of this magnitude.

SUMMARY

U.S. farmers will pay an additional $992 million per year for the Clinton Btu tax when fully implemented and see their farm program benefits and cash receipts from sales decline by over $700 million per year, a total $1.7 billion per year hit on agriculture. While this will range from a few dollars a year for small, part-time farmers to several thousand dollars per year for large farmers, the average will probably be about $2,500 per year for the typical commercial farmer. Moreover, the Btu tax is set to be indexed when fully implemented so it will be increasing each succeeding year.

When the agriculture sector experiences lower incomes; all of the rural community suffers due to the fact that farmers invest locally. They invest in agricultural businesses through the purchases of machinery, buildings, and supplies. Farmers also greatly contribute to the communities through development projects; whether it is for a new show arena at the county fair grounds or community park system.

Agriculture is known for being the backbone of America, but it should not shoulder an astonishing proportion of the tax burden.

Consequently, this tax proposal is not only highly costly to the farm sector in the short term, but it will also be highly inflationary to agriculture and the general economy over the long run.

Vice President GORE stated in his book, "Earth in the Balance," "More than anything else, my study has led me to realize the extent to which our current public discourse is focused on the shortest of short-term values and encourages the American people to join us politicians in avoiding the most important issues and postponing the really difficult choices." It will be costly if we adopt this very short-sighted proposal. We must have the foresight to see the potential for very dramatic and devastating effects of the Btu and barge fuel taxes on the agricultural and rural communities. We must protect the future of agriculture and vote against the budget proposal.

SUMMARY OF COST AND REVENUE CHANGES STEMMING FROM THE CLINTON TAX PLAN

[In millions of dollars]

	Original	Revised[1]
Btu tax	1,000	887
Continue 2.5 cents special tax	105	105
Extra cost, separate diesel tank	—	70
Inland waterways tax (net)	300	150
Reduced farm program benefits	600	600
Total annual cost to farmers	2,005	1,797

[1] Based on revised House Ways and Means Committee (Btu tax) and House Agriculture Committee (Farm Program benefits) changes.

Mr. REGULA. Mr. Speaker, I want to thank the gentleman from Texas for reserving time tonight to discuss a very important issue, the President's proposed energy tax. Most Americans probably have not focused on this issue. When you start trying to understand how this tax would be levied and collected your eyes can glaze over and many people probably assume it will not affect them. But they are wrong.

This is a tax that will hit and hurt everyone in this country. It will increase the cost of energy in your home, it will increase the cost to produce and buy consumer goods and services, and will reduce our competitiveness in a global economy, that is, this tax will cost American jobs.

As part of his economic package the President has proposed a number of new taxes, including a new comprehensive energy tax based on the heat output, or British thermal unit [Btu], of various forms of energy such as coal, oil, natural gas, and nuclear power. Much of the impact of the President's tax package on the middle class will come indirectly through the proposed new energy tax. On average, the American family of four would pay approximately $500 more per year.

This tax is inequitable for a number of reasons. For one, it is an extremely regressive tax, costing low-income groups a greater percentage of income than the affluent. It is inequitable in that it proposes to raise 22 percent of the new revenues from an energy sector representing only 8 percent of the economy.

It is also geographically imbalanced. It could prove devastating to the industrial Midwest, a region of the country which has yet to feel the full brunt of the recently enacted Clean Air Act Amendments. Ohio's energy sector is already poised to take a hit from the substantial expense of complying with the Clean Air Act. Compliance costs will actually peak in the 1997 to 2000 period, precisely the time the Btu tax burden reaches its peak.

Ohio, for example, ranks third in terms of total energy consumption and electricity consumption. Accordingly any energy tax will have a substantial impact on Ohio consumers both residential and industrial. A broad based energy tax is counterproductive to the President's goals, which I share, of improving economic growth and employment opportunities. In fact I believe it will result in slowed growth and cost American jobs by making our goods and services less competitive in the global market place.

Ohio and the Midwest in general, have been leaders in the Nation's economic resurgence. Manufacturing and exporting have been at the heart of the economic turnaround. The energy tax poses a substantial threat to some of the most successful and competitive elements of the Ohio economy and for many other regions dependent on heavy industry, manufacturing, and exports.

Just a cursory review of the estimated impacts in Ohio alone are cause for concern. The Btu tax would take $1.3 billion from Ohio consumers and businesses, representing a 6.3-percent increase in the State's total energy costs. Three out of every ten manufacturing jobs in Ohio are in energy-intensive industries, 25 percent more than the national average. One out of every six Ohio manufacturing jobs is tied to exports, 10 percent more than the national average. The Btu tax would hit imported oil—but not energy-intensive imported products like cars, trucks, steel, et cetera, which would take jobs away from Ohio.

As a major industrial, energy-intensive State, Ohio would pay nearly 6 percent—three times its share—of the estimated $22 billion raised yearly by the energy tax.

The proposed Btu tax is estimated to cost 24,200 jobs in Ohio alone and 400,000 to 600,000 nationally adding about one-half of 1 percent to the unemployment rate. Revenue estimates for this tax have not factored in added costs such as the attendant unemployment costs. An analysis by the Ohio Inter-Agency Task Force on the energy tax concluded that Ohio could lost six times as many jobs under an energy tax as it would under equivalent levels of reduced Government spending.

Energy costs are a key component in the cost of manufacturing and, one advantage U.S. industries currently enjoy over virtually all of their foreign competition, is lower energy prices. Despite increases in U.S. commercial/industrial electricity rates during the last 2 years, U.S. rates remain among the least expensive compared to rates in industrialized countries worldwide according to a survey by National Utility Service. If we are to strengthen the economy it will come in large measure through improving our competitive position in the global market place.

In recognition of this other nations are now starting to reduce energy taxes. Sweden, for example, has lowered its energy tax on manufacturing companies by 85 percent.

Other nations also enjoy other competitive advantages. For example we burden U.S. industries with costs related to such matters as OSHA, workers' compensation, EPA regulations, product liability, and so on, that many of our foreign competitors do not have to contend with. Raising the cost of energy in the United States will deprive U.S. industry of one of its few advantages and place our global competitiveness in further jeopardy.

As a member who has dealt with energy issues for many years I know that most people simply take its availability and affordability for granted. The last time most Americans probably focused on energy was the 1973 Arab oil embargo when we all sat in gasoline lines. We focused then. Since then energy has been relatively cheap and plentiful. In fact, the price of gasoline today, when adjusted for inflation, is lower than it was in 1947.

A story former Speaker Jim Wright use to tell is particularly illustrative of our country's general perspective on energy. The Speaker told of a constituent who called him and said he was really worried about energy. Nuclear, he feared was just not safe. Oil and gas posed environmental problems in terms of developing our offshore resources. And coal was just too dirty. What do you suggest we use queried the Speaker? His constituents response: "Let's just use electricity."

This energy tax reminds me a little of that. What you don't see won't hurt you, but this tax will hurt.

In general, the energy tax harms the economy nationwide by reducing the overall level of business activity—especially new investments that are critical for growth. Taxing the sectors of the economy that need to grow will only stifle economic growth.

A study prepared by the National Association of Manufacturers indicates that within 4 years the real Gross Domestic Product would be lowered by between $105 billion and $140 billion and between 1.5 and 2.3 million jobs would be lost. Energy and capital are complementary and thus an energy tax will result in a lower level of capital investment. This will impede productivity gains and make U.S. production less competitive. All manufacturing industries in the United States will suffer.

The Btu tax will place most U.S. industries at a substantial competitive disadvantage in world markets. Access to reasonably priced energy resources is one of the United States' competitive edges in the global market. Increasing energy costs would disadvantage companies that export their products to foreign markets. The export will become American jobs as industrial production moves overseas to avoid higher overall costs in the United States imposed through the energy tax.

An energy tax has been touted as encouraging conservation. I support that goal, but believe the way this particular tax is structured, limited conservation gains will be realized. Moreover, while total oil imports would decline, foreign oil would enjoy a cost advantage over U.S. oil, because the energy used in the process of exploring for oil and refining foreign petroleum products would not be taxed. That cost advantage for foreign oil would likely give foreign producers a larger share of the U.S. petroleum market than before the tax.

The message I have gotten from my constituents is not enough has been done on the spending side of the equation. As a member of the Appropriations Committee, I could argue that we have cut spending. Despite the relatively small share of the pie the appropriations process can effect, the record has been good. In the 18 years since the Budget Act was enacted in 1974, Congress has appropriated $72 billion less than requested by the Presidents. In 1993, for example, appropriations bills totaled $9.2 billion less than requested for discretionary spending. These cuts were achieved in all three categories, domestic, international, and military.

For over a decade Congress has focused on only a part of the equation—the appropriations process. All the angst over deficits has found its only outlet through criticizing annual appropriations bills, whether they be for defense or health care.

Very few people recognize that only one-half of all Federal spending goes through the annual appropriations process. The remainder is mandatory or entitlement spending and interest on the debt. And even though one-half of all spending is appropriated—only 35 percent of the total is truly discretionary. The other 15 percent that is appropriated consists of appropriated entitlements that we cannot easily adjust without changing the authorizing legislation.

The Ohio Governor's task force concluded that reduced Government spending is more balanced and does far less damage to the economy, while providing the same deficit reduction benefits. If Ohio is any barometer the American people want us to take a harder look at the spending side of the equation before we act to impose the largest new tax burden in the Nation's history.

Additional spending cuts, fewer regulations, and business incentives should all be explored before imposing this potentially devastating new tax. We should consider incentives for growth in productivity, industrial investment, and exports—the true sources of job growth in a world economy. We should also explore incentives for energy efficiency and environmental improvements that directly support the environmental goals of the administration's proposal without incurring their inherent economic risks.

Mr. ARCHER. Mr. Speaker, I thank the gentleman.

□ 2030

The SPEAKER pro tempore (Mr. HASTINGS). Under a previous order of the House, the gentleman from Missouri [Mr. GEPHARDT] is recognized for 60 minutes.

[Mr. GEPHARDT addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Maryland [Mrs. BENTLEY] is recognized for 60 minutes.

[Mrs. BENTLEY addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

BUDGET RECONCILIATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin [Mr. OBEY] is recognized for 60 minutes.

Mr. OBEY. Mr. Speaker, this week we are scheduled to vote on the budget reconciliation bill, which will lock into place President Clinton's deficit reduction package, which is one of the three integral pieces in the administration's economic plan to rebuild America.

Before taking too seriously Republican congressional criticism of President Clinton's pending deficit reduction plan, I would like to review some facts.

Chart 1 demonstrates what the history of deficits has been since the end of World War II, and that chart demonstrates that we have never experienced a deficit larger than $74 billion until the day Ronald Reagan walked into office and suggested that we pass his deficit reduction package, which, in plain English, never got there. The deficit reduction package that was promised by President Reagan, in fact, wound up exploding deficits, so we were running deficits well above $200 billion a year, as can be demonstrated on the right of this green line.

Chart 2 demonstrates the difference between the Reagan performance and Reagan promise on deficit reduction. The Reagan promise, in 1981, was that if we passed their budget the deficit would decline, as represented by these white bars, from $55 billion in 1981 down to zero by 1984. The red bars demonstrate how performance varied from that promise, with deficits rising to over $200 billion.

Recognizing that they were then in trouble, the Reagan administration again tried a second strategy to control the deficit. They proposed Gramm-Rudman I. That plan suggested, as these green bars demonstrate, that if we passed their plan the deficit would decline in nice, neat, $36 billion increments from $172 billion down to zero in 1990.

The red bars demonstrate that again, performance did not match promise, because the deficits continued to stay in the $200 billion range. They never dropped below $150 billion.

When Gramm-Rudman I did not work in attacking the deficit, the administration then proposed magic trick No. 3, which was Gramm-Rudman II, and again they said, as represented by these green bars, that if we just passed their economic program we would take the deficit from $144 billion in 1987 down to zero by 1992. Again, performance did not match promise, and we wound up today inheriting a $290 billion deficit.

Now President Clinton has proposed a plan to try to get those deficits under control over the next few years. This chart demonstrates what is projected to happen to the Federal deficit under the economic policies that President Clinton inherited from the previous administration. The chart demonstrates that the deficits that are $290 billion today are expected to rise to $361 billion by 1998.

To try to turn this line downward, President Clinton has proposed a combination of spending cuts and revenue increases which, if adopted, are expected to cut $150 billion off the projected deficit in that 4th year, as demonstrated by this green line. This green line demonstrates how the deficit is expected to drop under the President's plan in comparison to what will happen on the orange track if we continue existing policy.

This plan is being attacked by the President's critics because they are saying, "Oh, it is nice, but, you know, the problem is, it does not really cut enough in terms of the deficit," or "The mix between taxes and spending is not quite right."

I would suggest that the President's plan does not look all that bad in comparison to the missed-by-a-mile record of his critics in this Congress over the past 12 years.

His critics have centered on the Btu tax as a tax which they say they do not like. Who does like the Btu tax? We would all prefer to have no Btu tax and no taxes of any kind. However, after 12 years of feeding the American public nonsense, after 12 years of the easy-answer boys in this House, telling the entire country that somehow you can get there with no real pain in spending reductions and no real revenue increases, thank God, we finally have a President who recognizes that we have to level with the American people and admit honestly that we are not going to be able to successfully attack that deficit without both spending reductions and revenue increases.

Now his opponents are making a lot of political charges about the Btu tax. I want to demonstrate that under the President's proposal, even if we include all indirect as well as direct tax effects under that proposal, the President's package, including the Btu tax, will wind up reducing taxes on persons making less than $20,000 a year.

The average monthly increase, if we include direct as well as indirect, if we include anything that is possible to be calculated under the wildest stretch of the imagination, the increase in taxation for someone in the $30,000 to $40,000 level is only about $13 per month.

That is not pleasant, but it is a whole lot more responsible than simply saying, "Well, we are going to continue to tell people they can afford to avoid even that small sacrifice on a monthly basis, and instead shovel the load off on their kids, who just graduated from high school or college over the last couple of weeks."

I think this chart needs to be put in perspective. Consider it in the perspective of what has happened over the past decade and what is projected to happen under the President's plan by comparison. This chart shows who got what in the 1980's. It shows how your share of the national income changed from 1980, when Ronald Reagan walked into office, until today. It demonstrates that the bottom 20 percent of earners in this country lost, as a share of national income, 17 percent. It demonstrates that you did not get to be a real winner until you got to be in the top 5 percent of the population by income, and you did not get to really clean up unless you were in the top 1 percent, in which case your share of national income, the top 1 percent, rose by 60 percent over that time, the time that the President's critics were in control of what happened in this country.

This chart demonstrates—you remember when we had the budget summit in 1990, which was the fourth administration effort to fix the problem under President Bush? President Bush endorsed the first summit package that came out of that conference, and what this chart demonstrates is that the tax increases that George Bush endorsed at that time imposed a tax increase on people who made less than $10,000 a year, more than four times as large as the tax-rate increase that was proposed for people who made more than $200,000 a year.

□ 2040

And for people between $20,000 and $50,000, it proposed a tax increase which was 50 percent higher than the tax increase proposed for those making $200,000 a year.

Compare that chart to this one. This chart demonstrates what the distribution in monthly tax burden will be under the President's package. If you are below $10,000, you actually have a reduction in taxes. If you are below $20,000, you actually have a reduction in taxes. If you are at $40,000, the direct costs to a taxpayer is $14 a month. Even if you are making $200,000 a year, your tax bill will increase only $64 a month. It is only when you get above $200,000 a year in income that you have a heavy tax hit. That tax hit under the President's plan average $1,900 a month, and I do not apologize for 1 dollar of that.

These are the people who were on the gravy train in the 1980's. They are the people who ought to be paying a much larger share of the revenue intake in this country so that other people with far more limited means do not have to pay more than their fair share.

So basically, I believe these two charts demonstrate the difference in the tax distribution which the Republican White House occupant was willing to impose on the American people in 1990 versus the dramatic change in direction in terms of burden being proposed by President Clinton under his package. And keep in mind that these tax changes are accompanied by very major spending reductions, spending reductions which over the next 5 years total $246 billion, including $13 billion in pay reductions for Federal employees, $24 billion from eliminating excess Federal workers, $9.5 billion from reducing pensions and retirement costs for Federal retirees, caps on Medicare payments going to doctors, hospitals, and laboratory, billions of dollars in other savings that are equally as painful. Anyone who thinks that the spending cuts in the President's package are not going to be tough to impose does not understand the human condition and does not understand human nature.

So these are the basic facts. The fact is that America has suffered through 12 years of skyrocketing deficits while incomes soared for the wealthiest Americans and sagged for everybody else in the society. And now the very same characters in this Capitol Building who were responsible for voting for the Reagan budgets and the Gramm-Rudman I, Gramm-Rudman II, and the other magic fixes from the wizards who ran this country in the 1980's, those very same characters are now trying to bring down the only package available that has a chance to reduce the inequity that was produced in terms of income distribution and tax distribution in the 1980's. And it is the only package in town which has a prayer of reducing deficits long term.

There is an old adage which says fool me once, shame on you; fool me twice, shame on me. In my judgment, the President's critics have failed the country three times running with their deficit reduction promises and their ideological economic dogma. Do they really deserve another chance?

Is is not time to break with them and the failed past which they represent? I believe these charts demonstrate clearly that it is. That is why we must pass the President's reconciliation package this week. It is one of three key parts in bringing down the deficit, restoring economic growth, restoring family income growth, and correcting the miscarriage of justice which occurred in the 1980's when the wealthiest people in this society got the lion's share of the benefits, people who are now being asked for the first time in 12 long years to finally pay their fair share of the Nation's bills.

I say it is about time. I think we need to get on with the job and do it this week.

Mr. GEPHARDT. Mr. Speaker, will the gentleman yield?

Mr. OBEY. I am happy to yield to the distinguished majority leader.

Mr. GEPHARDT. Mr. Speaker, I want to thank the gentleman for a very fine statement and for the number of facts that he has brought out that I think are very, very important that people need to consider as they look at this reconciliation bill that the President has brought forward. I think what the gentleman said about the necessity of deficit reduction is absolutely correct. In my view, the deficit is a dagger pointed at the economic heart of this country, and after 12 years of inaction on the deficit, it is now time that we have to take the responsibility for dealing with the deficit.

In my view we had institutional irresponsibility for 12 years that produced a $4 trillion debt. We now have the chance, and we are at the crossroads where we have to take the responsibility and lead toward a conclusion which will bring this deficit under control.

A lot of people are saying that there are not enough spending cuts in the plan. I think, I may be wrong, but I think this is the largest spending cut proposal that we have ever seen. The gentleman set out the kind of cuts we are looking at. Agricultural entitlement cuts, $3 billion; Federal workers, $11 billion. As the gentleman said, there are 30 specific cuts in Medicare and Medicaid that reduce the deficit by $56 billion, $11 billion in Federal administrative costs, $2.2 billion streamlining education programs, $1 billion out of highway demonstration projects, and $3 billion in veterans' program cuts.

Nobody likes to talk about cuts. One of my problems in discussing this bill is that everybody is for cuts in general, but nobody wants to talk about cuts in specific. That has been our problem for the last 12 years. People want to talk about a balanced budget amendment, or they want to talk about a cap on entitlements, or they want to talk about some other process gimmick, the Gramm-Rudman, or Gramm-Latta, or some other gizmo that is going to solve our problems.

The truth is there is no solution to the budget problem unless there are specific suggestions of cuts, and that is what President Clinton has had the courage to do. And what the committees of the Congress here have brought to the floor are specific recommendations for cuts.

Nobody likes taxes. I hate taxes. I wish we did not have to have one tax. But if we are going to have taxes as part of the solution, and I think we must, because the cuts are deep indeed, then the taxes that have been presented are the fairest taxes we have seen for over 12 years. As the gentleman's chart shows, the taxes are taxes on the wealthiest people in the country. This is not soak-the-rich. We are not after rich people. We do not want to do anything to harm rich people. We want more rich people in this country. But the wealthy, like everybody else, have to pay their fair share, and the chart the gentleman shows right next to him shows that under the 1990 budget agreement that we negotiated with George Bush, the poorest people in the country were bearing the worst part of the burden and the richest people, the lowest part of the burden.

Under the Clinton plan on top it is the highest people that are taking the highest burden.

The chart to my right shows again 66 percent share of the taxes for people over $200,000; 75 percent of the taxes come from people over $100,000.

A lot of people are saying well, they do not like this tax, or that tax or the other tax. Fine. We have said tell us the alternative in spending cuts that will take care of that tax. People want to get very general then. They do not want to be specific. We have got to be specific about the spending cuts.

We have an alternative in the other body where Members, Republicans and Democrats, have come up with an alternative. The problem I see with the alternative is that it is more of the same from the past. It is another budget from the past.

It is a budget that says, "Let us not tax the people who are the wealthiest in the country so much; let us give them a capital-gains break." It says, "Let us lower the taxation for Medicare on those folks who make over $100,000 a year. Let us do other things that will help people at the very top, and let us increase taxes on people at the bottom by lowering the earned-income credit which is the most important thing for progressivity in the Clinton budget," that is in this reconciliation bill.

And, yes, "Let us cut Social Security COLA, let us cut Medicare, and let us cut Medicaid again." I am not for that, and I think if you put that alternative on the floor, you would not get many votes for it on either side of the aisle. If you it in the other body, I suspect it might be the same.

We have problems in this country today with being specific about what we want to do. President Clinton has been specific. He has put a concrete proposal in front of us and our committees have brought that proposal forward. It is a good proposal.

We are at crossroads in the country. Either we deal with this problem that is eating us alive, or we do not.

Now, people say, "Gee, I am against that Btu tax. It is going to cost me in the third year," and remember it is phased in, but in the third year for an average family of four, it is going to cost us $15 or $17 a month.

What they are not looking at is that if we can get this proposal through, interest rates will be held down over the next 3 years to an extent where they will get much more benefit than the costs of the Btu tax. Jobs will be created, the recovery will go forward, we will not fall back into another recession, we will begin to get economic growth in this society.

We do not do a deficit-reduction plan as an academic exercise. It is not to make somebody in a university feel good who studies economics. It is to get concrete results in the economy in the country. We are trying to create jobs. We are trying to hold inflation down. We are trying to hold interest rates down, and we are trying to stay out of another recession that we have been in now for 3 years.

I was at home the other day with the unemployment people, and a fellow who has been in the unemployment office for 30 years said he has never seen recovery like this. He said, "Congressman, there are no jobs." He said "I can get minimum-wage jobs, people who want to work at McDonald's. We have got plenty of those. What we do not have are good jobs."

I do not know how we get good jobs created in this society unless we do something real about the deficit, unless we stand up finally and say, "Here is a program that will get the deficit down over the next 5 years," not smoke and mirrors, not another gimmick, not another gizmo, not another promise, and not another illusion; something that works and is real. That is what we are talking about with this plan, and I believe it is fair. I believe it is balanced, and I think we have to show the leadership and the responsibility to go forward and pass this plan, get it through the Senate, put it on the President's desk as quickly as possible, and move this country and this economy in a positive direction.

Mr. OBEY. I thank the gentleman very much for his comments.

Let me simply say that I think he has summed up the situation exactly on point.

My message to anyone concerned, for instance, about the Btu tax is I would invite farmers in my State, for instance, to recall that just 90 days ago they were terrified, and so were we, of being hit with a large gasoline tax such as that proposed by Mr. Perot, 10 cents a gallon, and we have had proposals for 10-cents-a-gallon increase each year for 5 years. That would extract a huge amount of money from the pockets of the farmers that all of us represent in this country.

This Btu tax, by comparison, has a much smaller hit.

I would also point out that I would say to those who are concerned about the Btu tax and would like to escape that 3-year, $14 or $17 a month that it will cost them in the third year when it is fully effective, I would simply say, "Take a look at your kids as they are leaving high school and leaving college and ask yourself what kind of job opportunity you have available for them."

My youngest son just graduated from the University of Wisconsin 2 weeks ago. The job market that he is facing today is far tougher than the job market that faced my oldest son 10 years ago, and it is much, much tougher than the job market that faced the gentleman or me when we graduated from college quite a few more years ago than I would care to talk about, but it just seems to me that this is a question of whether this generation of adults has the responsibility to make a small contribution in order to make the job market, the retirement market, the lifestyle market for their kids a little bit better than it otherwise is going to be, and in some cases a whole lot better.

I would also suggest that for those who think that a plan such as the Boren plan in the other body, which has been offered, if they think that that is the answer by eliminating $40 billion in taxes on the very wealthy and by increasing the hit on Social Security recipients and the poor by $40 billion as that plan does, if they think that is the answer, they must be talking to different human beings than I am talking to when I go back to my district each week. To me, when I go back to my district, my constituents are telling me one thing: "Give the President a chance. he is the only President we have got, and he is going to be the only one we have for 4 years. Do not destroy him out of the box. We elected him, back him," and I would say that I simply agree with that.

What is our alternative? Are we going to turn it over again to the same naysayers who really drove policy in this country for 12 years and drove this country into the ditch? I hope to God the answer is not yes to that question.

The President's option is the only real one before us. We have got an obligation to move it forward.

Mr. Speaker, I yield to the gentlewoman from Florida [Mrs. THURMAN].

Mrs. THURMAN. I say to the gentleman from Wisconsin [Mr. OBEY] that I want to kind of go back to some of the things he has been talking about, particularly with the other plans, because as he well knows during this debate, there has been the issue of what is going to happen in the Senate.

One of the things that I keep hearing about is Senator BOREN'S and Senator DANFORTH'S replacement. I come from a district that is probably two-thirds seniors.

Can the gentleman give us a little more detail of what is going to happen under that with Social Security? I mean, I have heard things that people around the $7,500 mark are going to be taxed more under that plan, where this plan does not do any of those kinds of things. I mean, there are a lot of issues in here that I think we need to be talking about so that the American public understands that the alternatives are deeper cuts for people who can least afford it.

Mr. OBEY. Well, I do not know how much detail the Senator has gone into, and I do not know how much of his program would survive actual action by specific committees.

But all I would say is that my understanding of the Boren plan, for instance, is that it takes a much larger hit on Social Security recipients. When people talk about entitlements, that is a nice, neutral political word, but when you get behind that moniker, what it means is you are talking about Medicare, you are talking about Medicaid, you are talking about food stamps, you are talking about unemployment compensation, you are talking about Social Security.

I am not about to support a package which has an extra $40 billion or $50 billion hit on those folks.

Mrs. THURMAN. And including what already is being hit, I understand, in the package we are looking at?

Mr. OBEY. I was amused by the fact that we heard some of our friends on the Republican side of the aisle tonight bemoaning the modest actions we have in President Clinton's package with respect to senior citizens on Social Security, and yet we are being asked in the next breath to support something like the Boren plan which has a much larger hit on those same folks.

I know that people often try to have it both ways in this place, but that seems to me to be stretching it a little much.

I yield to the distinguished chairman of the Committee on the Budget, the gentleman from Minnesota [Mr. SABO].

Mr. SABO. I just simply wanted to thank the gentleman for taking this special order and the majority leader for his participation.

I think the message is clear. This is a huge deficit-reduction plan.

□ 2100

I think modestly stated it is about $500 billion. Frankly, some of the calculations I do would make it significantly larger. I frankly think the administration has understated their deficit reduction requirements over the next 5 years rather than overstating them. I also have to say that they use very modest, conservative economic assumptions in their budgeting so that we can have some expectations of the projections they make for the future are real. Clearly, it is having significant impact on interest rates in this country. Interest rates are coming down.

That is good for the American public, but it is also good for the Federal budget, because one of our biggest expenditures is simply interest costs, and those are going to be less than what we projected rather than more.

I am curious that you do know while we have significant spending reductions—I wish the gentleman would review again his chart on who is asked to pay those new revenues. I know the gentleman from Wisconsin also over the years has studied what happened to income during the 1980's. Who was it, during the 1980's, who had the greatest income growth in this country?

Mr. OBEY. The fact is that the richest 1 percent of Americans saw their income more than double from less than $300,000 on average before Ronald Reagan walked into the White House, to over $600,000 by the time George Bush left the White House.

So they saw their income more than double, while virtually everyone else outside of the top 10 or 15 percent lost real economic ground.

Mr. SABO. So that thick blue chart that the gentleman has there with the big blue column, that really applies to the people who had the largest real income growth during the 1980's?

Mr. OBEY. You bet. The people who went to the party in the 1980's are now finally being sent the tab, belatedly, but thank God somebody is sending it to them.

Mr. SABO. Would that marginal tax rate be higher than it was before 1981?

Mr. OBEY. Absolutely not. The fact is that the marginal tax rate used to be 90 percent; then it dropped to 70 percent; then to 50 percent. It has now dropped down to less than half of that level.

So, even with the modest increases that we are getting under this package, they are still paying substantially less than they were paying before Ronald Reagan walked into the White House.

Mr. SABO. So, the marginal tax rate, the top rate they would pay, would still be much lower than what it was in 1981?

Mr. OBEY. Absolutely. In my view, we ought to raise it even further, but we would run into great resistance from our friends on this side of the aisle if we tried to do that.

You remember David Stockman, in his famous book in 1981, explained the truth when he said—his words were—"Supply-side was always trickle-down." It was a Trojan horse. This magic supply-side formula was a Trojan horse through which they drove trickle-down economics to the wall, and trickle-down economics produced a bonanza for these people at the top of the income scale, and a few drops for everyone else.

Mr. SABO. I thank the gentleman for the answers to those questions.

Mr. HUNTER. Would the gentleman yield to this side of the aisle for just a minute? I will not ask a lot of questions.

Mr. OBEY. Sure; I yield to the gentleman from California.

Mr. HUNTER. I thank the gentleman, and I respect the gentleman and respect the time that he has taken and the illustrations he is making. I would just ask one question. That is: As I understand—and I looked at the figures the other day—although we cut marginal tax rates and, as the gentleman said a number of individuals, many of whom own small businesses, are employers, increased their income. As I understand, total net revenues to the Government went up between 1981 and 1987 by about 70 percent. Would the gentleman comment on that?

Mr. OBEY. I am really glad the gentleman asked that question, because what we always hear is, "Oh, gee, whiz, what are we talking about? After all, we shouldn't soak these poor fellows up at the top of the ladder because, my God, when you look at what happened to the total taxes in the 1980's, their taxes went up."

Well, this chart demonstrates that is absolutely true; the total tax represented by this green piece actually did go up slightly from $108,000 to $163,000 for the top 1 percent of the people in this country. But that is because their income went up from around $300,000 to almost $600,000 over time, as represented by this red block.

So, what that demonstrates is, yes, their taxes went up a tiny bit, but the fact is that their income went up by a much larger amount.

Mr. Speaker, I yield to the gentlewoman from Georgia.

Ms. McKINNEY. I thank the gentleman from Wisconsin for yielding to me.

Mr. Speaker, I want to take an opportunity this evening to discuss, in all candor, the grave stakes that we have before us. I want the people whom I represent, as well as the people of this country, to understand, as I understand, the imperatives which face us today.

Three Sundays ago we celebrated Mother's Day. And this brings to my mind some ideas about the faith of mothers. You know, from before we are even born, mothers have faith in us. And in a mother's eyes, there is very little wrong that we can do. You see, mothers have learned to keep their eyes on the prize and to understand that life has its bumps along the way, but that it is always possible to take lemons and turn them into lemonade, to take life's bumps and turn them into stepping stones. And our mothers always have the faith that we will be so wise.

During this most important week of decision, let us also resolve that we will not betray our mother's faith. And let me commend the President for his leadership, the Budget Committee, and the Ways and Means Committee, the leadership of the House of Representatives, and the whole Democratic team, really, for crafting legislation that represents the kind of change that the American people voted for in November.

We are demonstrating that the House is ready to take up leadership and that the Democratic Party is ready to demonstrate the kind of leadership that will make this world all the better because we dared to struggle, among ourselves and within ourselves in order to reach ever new heights.

Today, we debate nothing short of hard work and dedication, the kind of dedication and commitment to purpose that usually turns dreams into reality.

In the beginning, I am sure, becoming President was only a dream for our President. Probably no one believed in it but him—at first.

But he was able to convince his wife, his friends, and then all of us. But his dream only started because there was something deep down inside of him.

In my own case, I know that becoming a Member of Congress was a dream that only a few people close to me felt was possible. It seems that the world is full of naysayers—people love to tell you what you cannot do. But through hard work and dedication, and demonstrated commitment to purpose, we too were able to turn that something deep down inside to history-making in Georgia.

Each of us who must cast a vote this week began with the most important commitment—and that was to excellence. For when we begin with excellence, nothing short of the best will be good enough.

Well, all of us working together have come up with a legislative package for change for this country. The reconciliation bill before us contains legislation which will correct the decline that this country has experienced over the past 12 years.

Now is the time for all of us to be proud, and committed, and strong.

Strong, because life is not always easy. And when we encounter those unexpected bumps along the way, we must remain focused and committed to the goal, and turn those bumps into stepping stones.

As the Representative for Georgia's 11th Congressional District, which is Georgia's second poorest district, I am committed to providing a better Georgia and America for every child, every family, every person in my district.

For too long, the needs of ordinary Americans have been sacrificed for the needs of the wealthy. Yet, in addition to that, our President has assumed office at a time of unprecedented world instability—during a time of peace. Our President gained control of the White House after the previous President unilaterally announced a "new world order" but failed to define what it was or even what he meant.

Let us pray for our President so that the Lord's hand will guide him as he tries to make our Government more accountable to us and at the same time turn this massive ship of state in a new direction. He needs our success, and we need his success.

I am concerned about today, but also about tomorrow. But, as is usually the case, as we fight for a better tomorrow, we ought to remember the past that got us to this point. I would like for you to recall the memory of another time in the American experience.

Thirty years ago we were in the midst of a season of discontent:

- Black people decided to sit down at lunch counters all over this country in order to stand up for freedom and justice and dignity.
- Black people decided to register to vote to change the policymakers, since they couldn't change the policies of oppression that blanketed the South and this Nation.
- Young freedom riders, both black and white, defied the racial order of apartheid and bigotry in the South and some saw their lives ended as they rode on those freedom rides of the American dream.
- Three young men—Goodwin, Cheney, and Schwerner—should never be forgotten as they rode the freedom ride to their death in Philadelphia, MS.

Goodwin, Cheney, and Schwerner should never be forgotten because they represented all that is good in America.

They were young and hopeful, willing to overlook the racism of the times, in order to do what was right for their country and for their fellow man. well, we have just endured another long season of discontent: 12 long years—where Government served the interests of a few of us at the expense of the rest of us.

We have got to have a change.

We must understand, too, what the last 12 years have done to us as a Nation and as a people.

TV cameras were poised in Los Angeles to view the spectacle. You would have thought that the circus had come to town. But the people of Los Angeles and the people of this country just wanted justice to come to town. Thank goodness that it did—on that day.

However, not until we completely obliterate the politics of division that this country endured for the last 12 years. And remember that words and actions and deeds have ramifications. And understand the complete sense of alienation that our young people feel about this system that we call their Government, and our society will we be able to properly deal with the many frustrations of being young, and black, or Latino, in America.

With one Presidential campaign begun in Philadelphia, MS, along with a message of State's rights and another Presidential campaign won on the back of a Willie Horton ad, the Republican Party has done nothing to honor the memory of the proud and strong three young men who died on that dark, dark Mississippi night.

The legacy of Republican leadership has been Iran-Contra, S&L scandal, HUD scandal, BNL scandal, war against Third World people, environmental injustice gone mad, and, most seriously, a complete neglect of this country's children. In my home State of Georgia, we rank 47th overall in the well-being of our children.

The United States ranks 20th in the world in infant mortality rates, equal to Greece, Israel, and New Zealand—only just above Cuba by one point. And if we look at black babies, black babies die at almost twice the national rate, placing the U.S. black infant mortality rate at 33d in the world, tied with Costa Rica and just above Chile by two points.

The United States ranks 31st in the world in low birthweight babies, equal to Turkey and Paraguay and Israel, just above Jamaica and Panama. For black babies, the rank is 75th in the world, just behind Cote D'Ivoire, little better than Niger.

And while 71.3 percent of all white children are covered by employment-related insurance, that is the case for only 38 percent of black children and is only the case for 39 percent of Latino children.

Furthermore, during the 1980's, the following health trends were recognized: Access to early prenatal care—worsened; late or no prenatal care—worsened; low birthweight babies—worsened; measles increased 533 percent over 1983; mumps increased 35 percent over 1985; pertussis increased 106 percent over 1981; and rubella increased 509 percent over 1988.

Both our children and our future are at stake if we do nothing.

The stewardship of our Government over the past 12 years has seen a steady deterioration in the quality of life for our children. Yet, the enrichment of the top 1 percent of family income earners was unprecedented. The expenditures for the military-industrial complex were astronomical; and we had two Presidents who were telling us that everything was all right.

Some of us knew, however, that the last thing this country was, was all right. And we didn't hesitate to say so. In the meantime, though, middle-class incomes deteriorated; the budget deficit grew to unprecedented proportions; health care costs became unbearable to most of us; and our President said that the United States was the strongest country in the world and everything was all right.

We saw homelessness grow in every city in America, drug abuse increases unprecedented, an ozone hole in the atmosphere that some folks told us did not exist; while our President advocated Brilliant Pebbles—a Star Wars antimissile array orbiting in space.

Life in America, down on the streets, where ordinary people are, has deteriorated. Public schools have become more public than schools, with strangers walking on campuses and shooting teachers and students; schools are becoming merely an extension of the battleground and disarray that exists on every American urban street and in many American homes, urban, suburban, and rural.

And President Bush started a war in Iraq and spent thousands of lives and we still do not know what for.

We just recently lost the $16.2 billion stimulus package because of Republican gridlock in the Senate. And on my jog the other day with the President, I asked him, Mr. President, why did you give up? Fight on for the stimulus package.

And he responded to me,

> You know, Cynthia, I never expected that the people who would benefit from the jobs—the young people who would get summer jobs, the parents who would get immunizations for their babies, the students who would get Pell grants for college, the unemployed who would get jobs to repair the infrastructure, and the elected officials in cities and counties all over this country who would receive much-needed dollars for their communities—I never imagined that they wouldn't stand up and scream in outrage that this money and these opportunities were being taken away from them.

And what could I say to the President, because he was absolutely right.

The rallying cry of the Republicans was cut spending first. But they can find $45 billion to clean up the S&L scandal; they can find billions of dollars for Russia, but they could not find $16.2 billion for you, your mothers and fathers, your brothers and sisters, children, and the rest of us who have been hurting for the past 12 years.

The fight is not over, though, as we continue to try to defy gridlock and do what is right for our constituents and our country. There was no reason for the President and the American people to lose that $16.2 billion. We lost by three votes. But it is done now. And as a result of an emboldened Republican minority promoting, at best, business-as-usual politics, and at worst, serve-the-rich policies, the Democratic agenda will have to be unfortunately compromised if we are to avoid gridlock.

We do have to pay the hand that we are dealt.

But every American has an opportunity to help us play our hand as best we can. I have heard from my constituents who say that they are willing to sacrifice a little more if it will help everyone—if all Americans will be made a little better off.

I would ask that each of you listening tonight make a commitment that you will help to make our country stronger. The need today is much more pressing than a lost stimulus package. The entire agenda for change is threatened if we don't act—today.

And so, I would say to my colleagues in the House and the Senate, and to our friends across this country: Let the message be loud and clear, that change is not a free good. We all want it, but only a few are willing to work for it.

I am asking that we now make a commitment to work for it.

Join with me and let us renew the faith of our mothers in our ability to be winners;

Join with me and let us renew the faith of young Goodwin, Cheney, and Schwerner in the American dream,

And let us renew a pledge to ourselves that we will not allow others to thwart that which is good and right and just for us. Let us renew our willingness to fight for what is right.

Otherwise, a new season of discontent is likely to unfold. One, I believe, that this country can avoid with our active prodding. Many who listen tonight are the lucky ones. Let us join together to forge opportunities for all who are willing to work hard and dream about what might yet be.

The President's budget represents our future. Let us take the charge and protect our country well. The people are counting on us.

□ 2110

Mr. OBEY. Mr. Speaker, I thank the gentlewoman for her comments. I appreciate them very much.

Mr. Speaker, I yield to the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Mr. Speaker, I want to just raise some questions and see if I can have some understanding. Perhaps that would be helpful for others who may be wondering about if this bill indeed does represent cuts, real cuts.

I know I have a lot of people telling me that we ought to really cut first and spend later, and what they mean by that is tax later.

Could the gentleman just share with me if they are real cuts, particularly in agriculture,

Mr. OBEY. Well, let me simply respond by telling the gentlewoman what I have experienced in my office in the last 2 weeks.

□ 2120

I asked my staff last week to simply keep track of the number of groups in my district who came in to talk to me about opposing the spending cuts in the Clinton plan. I had 31 different groups, not lobbyists, but folks from home who came to me objecting to 1 kind of cut in the President's budget or another. We had some doctors objecting to the Medicare caps—doctors, hospitals. We had farmers concerned about the additional squeezing going to take place. There were all ranges of people, all well-meaning.

And so, Mr. Speaker, I would say to those who are claiming that there are no spending cuts in this package that I wish they had been talking to those 31 groups from my district, all of whom were objecting strenuously to them and asking that I resist them. I think they have a quite different view.

Mrs. CLAYTON. Will the gentleman respond?

Mr. KOPETSKI. Mr. Speaker, if the gentleman would yield, I was going to present this a little later this evening, but I do have a list of very specific cuts that are in the reconciliation bill if the gentlewoman from North Carolina [Mrs. CLAYTON] would like me to articulate those.

Mrs. CLAYTON. Well, if I could get the gentleman to do that a moment later, I just wanted to emphasize that I know I received calls, as well, in agriculture. I live in a community where the concern was there if indeed others were going to suffer the same way they were suffering. So, it is called shared pain and obviously I was concerned, not only for my farmers, but also people who live in rural areas, and I know the whole Btu tax, that the farming community expressed concerns, and I certainly shared those concerns, and there was some accommodation made to—I thought in the Btu—for at least the fuel in farming; is that correct?

Mr. OBEY. Yes; the farm use has been exempted from the higher of the two rates which apply under the Btu tax. But there are other very large spending cuts in this package.

For instance, tomorrow morning I am supposed to chair a markup that marks up the foreign aid bill for this year. By the time we get done marking up that bill, there are going to be programs in the foreign aid package which are cut by 50 percent below last year. Since I have been chairman, Mr. Speaker, foreign aid has already declined by $5 billion, and we are going to have to take it down another $1 billion tomorrow just to meet the squeeze required under President Clinton's package.

And my phone has been ringing off the hook all day long from every single interest group in this country who has a stake in seeing that bill increased rather than decreased, so I wish they could have simply been—those who say there are no squeezes in this bill—I wish they could have been on the receiving end of those phone calls today that I received.

Mrs. CLAYTON. My final question and comment would be around the fairness of our effort to accommodate the response to the Btu taxes being negative to low income persons or families, and particularly as it relates to being an aggressive tax to those persons who make less than $35,000. My understanding, or one of the responses to that, was the earned income.

Mr. OBEY. Absolutely.

Mrs. CLAYTON. And that meant that it was sensitive to families who made less than $35,000.

Mr. OBEY. Absolutely. You have the earned income tax credit, which is in the President's package, and, as a result of that, as a result of that, the Btu tax will actually—even with the Btu tax this package will result in a—about a $10 a month tax cut for persons making below $10,000, for instance, and it will not amount to a heavy hit until you get up to those who make over a hundred thousand dollars.

So, it seems to me we have one of two choices on that tax. We can either do as has been done the last 12 years, telling everybody, "Oh, don't worry. If there's any pain at all, we'll get rid of it for you." Or we can honestly belly up to the bar and say. "Folks, it is going to be a small impact on you, but it is well worth it to create a better world for your kids," and that is what we are trying to do.

This chart demonstrates that for low income groups, with the Btu tax included, there will still be a decline in the average monthly tax rate of anybody making less than $35,000 a year.

Mr. GEPHARDT. Mr. Speaker, if the gentleman would yield on this question of the earned income credit, it has been my understanding through the years that the reason we wanted to increase the earned income credit was to make it possible to induce people to stay off welfare and to continue to work.

It is also my understanding that the increase that is in this reconciliation bill is the largest increase we have ever had in the earned income credit so that it would have the opportunity, the program, of pulling more and more people out of welfare, getting them to take a job and to be willing to keep the job because their taxes would be reduced, and they would be induced to stay off of welfare and in productive income.

Mr. OBEY. Mr. Speaker, if the gentleman would recall when the President spoke to us in that magnificent State of the Union Message that he delivered in this very Chamber, one of the statements he made that got the largest round of applause was when he said that under his proposal no one who worked full time would go home at night still in poverty. It was his belief that through devices such as the earned income tax credit we would be able to say to each and every American who works full time for a living that, if they are willing to work that hard, they will not be home each night to face their kids in the state of poverty.

Mr. GEPHARDT. Mr. Speaker, I thank the gentleman. I just wanted to make that point.

Mrs. CLAYTON. Mr. Speaker, that is a good point, and also another point that I think the gentleman would share is that this has bipartisan support, the earned income, and there are those who would want to say this is all of a sudden gimmickry to just help the poor from this administration.

Mr. OBEY. I would say one of the champions of the earned income tax credit is the gentleman from Wisconsin [Mr. PETRI]. He is from my own State, a Republican who championed that cause for years.

Mrs. CLAYTON. And it does reinforce the value of work, it reinforces the value of families, it reinforces the value of supporting dependent children, and it gives opportunity, even with this tax, to offset that burden. So, I think the fairness of that tax has to be also emphasized.

No one likes taxes, but the case is being made by others who would want to distort what the complications are that this would have a disproportionately harmful effect on low income families or working families when in fact it is only a large income for those above $35,000, and there are provisions within the law to offset the burden on poor working families with children.

Mr. GEPHARDT. Mr. Speaker, I thank the gentlewoman from North Carolina [Mrs. CLAYTON].

Mr. OBEY. Mr. Speaker, I thank them both. I would simply like to close by making this observation:

This chart demonstrates that our debt, the national debt of this country, declined steadily from 1945 as a percentage of our national annual income. Down to about 1973 but national debt was almost 120 percent of our annual national income. At the end of World War II it declined to about 24 percent of our national annual income by 1973, stalled out until 1980, and since the Reagan budgets were first adopted has now gone up again, just about doubling as a share of our total national income over that time.

The President's package is an effort to try and finally reverse that. This chart demonstrates the difference between the trend lines on the Federal deficit which will continue to go up if we do not adopt the Clinton plan versus the reduction in the deficit that will occur if we do adopt the Clinton plan. For those of my colleagues who say that is not good enough, I would simply say, "You had your try at it. This chart represents what the result was. You told us in 1981 that, if we passed the Reagan package, you would take us from a deficit of $55 billion at that time down to zero. Instead you gave us deficits of $200 billion."

☐ 2130

You said you would do it better when you produced Gramm-Rudman, and Gramm-Rudman II, and each time promise did not match performance and in fact we had larger deficits than when the process began.

It is time for those who gave us three magic fixes in a row to now step aside and let the President have a chance to adopt his plan. It is the only one in town that has a real change to reduce the deficit, to restore economic growth, to restore family income growth in this country. After 12 years of trying their failed prescriptions, it seems to be we are entitled to give the President a chance to try this.

The SPEAKER pro tempore (Mr. HASTINGS). Under a previous order of the House, the gentleman from New York [Mr. SOLOMON] is recognized for 60 minutes.

[Mr. SOLOMON addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. OWENS] is recognized for 60 minutes.

[Mr. OWENS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

ADDITIONAL TAXES WILL DAMAGE THE ECONOMY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. HUNTER] is recognized for 5 minutes.

Mr. HUNTER. Mr. Speaker, I have listened to the Democrat majority talking about the plan that is put forth by President Clinton and has been worked over by the Democrat leadership and now will be before the full House shortly and be before all of our colleagues to analyze and vote on. Let me just state a couple of things that I think the Democrat majority is missing.

The first thing that they are missing is that taxes change behavior. Each time we are presented with new taxes, they are presented as an automatic reducer of deficits. If you have somebody who is working in the 30 percent tax bracket, you boost him up to 33 percent, and that is automatically going to raise that proportionate amount of income relative to the 3 or 4 percent tax increase. And if you have a Btu tax that is applied to all of American enterprise across the spectrum of industry, that is going to raise a certain amount of tax money absolutely with no reductions or no mitigation of that tax, that effective tax, due to loss of enterprise and due to loss of industries.

In fact, taxes do affect behavior. They affect the behavior of the American people. Very simply, if you have a small businessman and you increase the taxes on him, whether it is through a Btu tax, an energy tax, an 8-cent-per-gallon-at-the-pump tax if he is a trucker, or any of a number of other ways through the manufacturing process with this energy tax that the President has proposed, if you take dollars out of his pocket and give them to the Government, then those are dollars that that small businessman or large businessman is not going to use to buy new equipment, expand his facility, and hire people.

The second basic truth that I think has been missed by the democrat majority is this: To have jobs, to have employees, you have to have employers. The gentleman who has presented the charts here and the Democrat leadership that has talked about what they consider to be the benign or benevolent effect of these increased taxes have missed the fact that you need to have people who are making enough money to want to take a risk, to go out and build factories, to invest in new equipment, and to hire people. Blue collar workers cannot hire each other.

Yet each time I hear the majority talk about tax increases, they talk about wealthier people. I thought this point was an important one. It was made by my friend, the gentleman from Wisconsin [Mr. OBEY]. He pointed out that yes, people at the wealthier end of the spectrum did pay more money during the Reagan years in total taxes paid, but he said they made a lot more money.

I think the problem with the Democrat leadership's thinking is they look at people, many of these people in these $200,000 tax brackets who are small businessmen, who employ people, who have payrolls, they look at those people as the adversaries, as people who damage the economy if they make a profit, as people who if they did not make a profit somehow the money they generate would go to other people. And that is just not the case.

If a person goes out and takes out a loan and builds a tract of homes, then that money is used to employ people, it is used for mortgage payments by the workers, it is used to buy cars and to send kids to college. It is turned over in the American system. It creates a ripple effect. And you lose that effect, you lose that growth effect, if you damage the economy by putting on onerous taxes on employers. So employees do require employers.

PRESIDENT'S BUDGET AND THE AGRICULTURE COMMUNITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kansas [Mr. ROBERTS] is recognized for 60 minutes.

GENERAL LEAVE

Mr. ROBERTS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include therein extraneous material on this special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. ROBERTS. Mr. Speaker, the Republican members of the Committee on Agriculture have taken this special order to discuss the very crucial vote we have before us Thursday with regard to President Clinton's budget.

Mr. Speaker, in making my comments on my special order and inviting the comments of my colleagues who serve on the Committee on Agriculture, I do so with all due respect to the comment that the majority leader and the distinguished gentleman from Wisconsin [Mr. OBEY], and the chairman of the Committee on the Budget [Mr. SABO]. I would suggest, however, that rather than go into a lengthy dissertation on what has happened in the eighties and a very unique version of the class warfare argument that has been raised in this body time and time again, that this debate is not with 176 Republicans that are not going to vote for higher taxes. Your debate is with the 60 or so Democrats who do not want to vote for this, and for very good reason.

We have, as I recall, about 256 or 257 Democrats and 176 Republicans, and the real situation here is that we have an honest difference of opinion. We can get into that in terms of that debate. But the debate is over all of the Democrats who want to vote for this. Why? It is because it is a vote that will directly affect the pocketbooks and the daily lives of every American, but especially the economic well-being of farm families whose job it is to feed this country and a very troubled and very hungry world.

Simply put, this tax heavy budget represents a blueprint for disaster in farm country. Those are harsh words, I intend them to be, and I certainly do not intend my concern and criticism to be in a partisan manner. But every Member of this body has an obligation to study and fully understand the practical effect of what will happen as a result of our actions when we consider legislation, and we have an obligation of informing as best we can the people we represent of the consequences of what is passed by this body.

Every member on the Republican side of the Committee on Agriculture wants to work with the President and my colleagues across the aisle in regard to reducing the deficit and certainly reviving our country. We all share that goal. But as we pencil out the Clinton plan and determine the effect on farmers and ranchers in rural America, and, more important, as farmers and ranchers really pencil this out on the details, the conclusion is obvious: The White House budget posse is riding in the wrong direction.

Let us look at the facts. Farmers and ranchers are true patriots. They know the deficit is the No. 1 problem facing our Nation and they have done their part.

I am quoting the chairman of the Committee on Agriculture, the distinguished gentleman from Texas [Mr. DE LA GARZA], when I say of the top 12 entitlement programs, only farm program spending has declined since 1985.

□ 2140

In fact, farm programs spending has been cut an average of 9 percent in the last 4 years. This budget, this farm program budget, cuts farm spending by 11 percent. It goes without saying, if every other program had shared the same sacrifice, our deficit problems would not be so severe.

Nevertheless, the Clinton budget cuts almost $3 billion in direct farm income over the next 5 years. Let me emphasize again, this $3 billion cut is an addition to $57 billion in cuts agriculture has made over the past 10 years.

Now, it would be one thing if by taking the $3 billion in deficiency payments out of farmers' pockets represented a fair share sacrifice. We have heard a lot about fair share sacrifice on the other side of the aisle.

Certainly, in reducing the deficit, as true deficit patriots our farmers and ranchers would say, "All right, find the $3 billion in savings and let us get the job done."

But, Mr. Speaker, that is not the case. The Clinton budget plan spends an additional $7.3 billion on food stamps above and beyond the cost of living adjustment. Nobody is trying to cut food stamps, and why are we doing that? Because the President's Btu tax falls heaviest, despite the charts and the arguments, falls heaviest on the poorest of Americans.

So the farmers' $3 billion sacrifice is not going to the deficit. It is going to fund additional food stamps due to the Btu tax that the farmer does not want to pay in the first place.

The result is that agriculture's part of the Clinton budget adds $4.4 billion to the deficit. And what about the Btu tax? The individual impact from the tax will vary, according to region and size of the farmer's operation and his crop. But farmers can expect an additional $1,000 to $4,000 a year in costs each year because of the Btu tax.

To offset this revenue loss from granting this minor relief to farmers, the much acclaimed exemption of ethanol from the Btu tax was eliminated. Now, the absurd nature of the Btu tax is illustrated by the convoluted budget structure of this proposal.

Here is what all of this really boils down to, folks. The Btu tax is expected to bring in $70.5 billion over 5 years. That is the linchpin of the Clinton plan. However, in order to offset the burden of this energy tax on the poor, spending was increased in several Federal programs: $7.3 billion in food stamps; $28.3 billion for an earned income tax credit, as referred to by the majority leader; $4 billion for low income energy assistance.

So here we have the Government, which will have to spend nearly $40 billion to offset the harm done by the $70 billion in new taxes, while imposing an unfair and unequal burden on energy-intensive industries like agriculture.

I will say again that farmers are willing to contribute to deficit reduction. They repeatedly have done so over the past decade. But it is fundamentally unfair to ask them to make another major sacrifice for a plan that will raise $3.23 in taxes for every dollar cut in spending, with a net result, after 5 years, of economic pain, very little progress on the deficit.

Nor is it fair that their programs be cut to the bone while the administration and Congress insist on major spending increases for favorite programs.

Mr. Speaker, I yield to a valuable member of the House Committee on Agriculture, the gentleman from Iowa [Mr. NUSSLE].

Mr. NUSSLE. Mr. Speaker, I thank my distinguished colleague from Kansas, our fearless leader on the Committee on Agriculture.

Mr. Speaker, tonight's debate, for me, is really the whole reason why I ran for Congress. The whole reason I got into this crazy business in the first place is because I recognized what the deficit and the national debt was doing to our kids, and, maybe selfishly, doing to my kids.

In fact, when my son Mark was born, there was a bill in his crib, because of the deficit and debt in this country, of $15,000.

You might think, well, my son is what, paying more than his fair share. No; every person in this country has that kind of bill sitting at their table right now to pay as a result of our problems.

So what do we do? What do we do?

We hear about cutting. We hear about fair share. Well, fair share has definitely been provided by farmers. In fact, over the past decade, as my colleague for Kansas indicated, farmers have contributed $57 billion to deficit reduction, $57 billion.

Are we complaining? No. Maybe a little bit, only because we feel that maybe some other sectors have not contributed as much. But we will take that, and we will even up the ante.

Farmers have told me we will contribute more in deficit reduction through more spending cuts. So the Committee on Agriculture this year was asked to make a few cuts. We did. We cut $12.9 billion out of farm programs for farmers in the Committee on Agriculture. We went along with it only because we knew we had to provide our fair share, but only until we found out what that savings was going for.

You know what it was going for? The same thing farmers across the country complain about all the time, the fact that we use farm program reductions for food stamp increases, increases; $7.3 billion was increased in this agriculture budget because of the effect of, get this, the Btu tax.

You might ask, what is going on here? The Clinton administration believes that because of the effects of the Btu tax that they are going to have to increase food stamps $7.9 billion just to make up the difference.

The Committee on Agriculture cannot stand for that. Republicans stand firm on the fact that those cuts should not go, if we are going to cut in agriculture programs. It needs to go to deficit reduction and not toward food stamp programs, when there has been no reform of the program, no revitalization, no streamlining, no efficiencies.

That is promised down the line, just like everything else has been promised in this country, but nothing was done today.

The Btu tax is supposed to bring in $70 billion over the next 5 years. But in order to offset that, we have increased welfare programs $40 billion, because we expect because of the Btu tax more and more people to be dependent on welfare, forced into that dependency.

We heard just a moment ago the majority leader indicate that "Aren't we special, we are increasing the earned income tax credit."

Why? Somebody needs to ask him that, because the Btu tax is driving people into poverty. The farmer must take the risk. The farmer must grow the food. The farmer must transport the food.

Then he has got to finance the food. Then he has got to market the food. Then he has to sell the food. And now we are telling farmers, "Stand in line in order to earn food stamps so you can buy back your food." And that is ridiculous in this kind of economy.

What are we telling the young farmers out there? We are telling them, "Don't come back to the farm. Don't come back to the farm. We don't need you. We don't need you."

Just make farmers get bigger. Get bigger, spend more money. That is what we are encouraging them to do.

None of those young farmers that Iowa has lost or any other district in this country are going to come running back to the farm in order to grow food under this kind of a plan. That is ridiculous. That is not economic growth and revitalization.

Clinton talked about patriots in his State of the Union Address. He talked about all Americans being patriots.

Farmers are patriots. They are not patsies, and we cannot stand for a Btu tax that is offset by welfare programs to drive farmers into welfare so that they can, in fact, be eligible for those same programs.

In a recent Tax Foundation study that just came out today, Iowa alone, because of the effect of the Btu tax, according to this independent foundation, is going to lose 4,779 jobs. That is economic growth, folks.

In fact, my district alone, if this Btu tax passes, is going to lose 890 jobs, in just my district.

Is that economic growth? Ask yourself who of you out there is willing to give up your job for this Btu tax. There are a lot of Congressmen, I think, who are probably going to lose their job over this.

□ 2150

Let me tell you this about the State of the Union Address. The State of the Union Address for me was exciting, because I felt as a newcomer to Congress that we had a President that was willing to stand up to the plate and deal with the budget deficit. You know what happened? When he went out to sell this plan to people, not the Republicans but the people, they said, "Cut spending first." What did he do? He abandoned his sales pitch.

Now what happens? We have Democrats by the droves running to the floor of the House to save the President's plan when he himself is not selling, when he himself is not out advertising, when he himself is letting Democrats fall on the sword.

People ask me, "Gridlock in Congress, Jim, how do you get around gridlock in Congress?" Folks, gridlock is over. Gridlock is over on this side. We cannot stand in the way of their plan. How many do they have? They have more than 218, don't they? If they don't, maybe the gridlock is on their side of the aisle, and maybe they have to face up to that fact, not on the Republican side.

Of course, we are not going to vote for it. Are you crazy? We are not going to drive people out of work. But if you want to, you provide the votes. You pass the President's plan. He is not calling Republicans. He has not called me. He has not asked me to support the plan. He has not asked me how it affects farmers in Iowa.

They say, "Be specific." We have got Kasich. We even have two amendments that we are willing to introduce this week, if they will let us. Will they let us have an open rule? People out there watching, they say, "What is an open rule? That doesn't make any sense. That is procedural." An open rule means we get to debate this. We get to offer our amendments and we get to offer our specifics. We will see if they let us. Put your money where your mouth is, so to speak.

I think what we have to do is face up to the reality of what this plan is really going to mean. I think it is probably put best in the words of President Clinton's barber. President Clinton's barber probably would say, "Clinton is hair today and gone tomorrow."

Mr. Speaker, what is most disturbing about the past 4 months is that the way of doing business in the House of Representatives has not changed. My constituents tell me they are willing to sacrifice to reduce the Federal budget deficit. They have said repeatedly they are willing to step up to the plate and take their fair share of the hits to fight the red ink spending in Washington.

But that's not what has happened.

First, rural America took its share of hits when agricultural programs were cut $2.9 billion.

But the hits didn't end there.

They were also informed that in addition to $2.9 billion in cuts for agriculture, they would get hit with a Btu tax that will cost farmers between $1,000 and $4,000 per year. And they will get hit again with a barge tax that is expected to increase the cost of each bushel of corn between 5 and 10 cents.

But the hits don't just end there either. The money resulting from the cuts in farm programs and increased taxes will not go to the $4 trillion debt hanging over our heads. Instead, Congress has decided that any savings resulting from farm program cuts and tax increases will go to fund new Federal programs.

Mr. Speaker, after the House of Representatives votes on the budget reconciliation package this week and the dust settles, it is rural America that will carry the burden of increased taxes. Rural America no doubt knows what it means to tighten their belts and is willing to sacrifice. But we have to cut spending first.

Unfortunately, Mr. Speaker, the way of doing business hasn't changed at all here.

Mr. ROBERTS. Mr. Speaker, I yield to the gentleman from California [Mr. DOOLITTLE], a valuable member of the Committee on Agriculture.

Mr. DOOLITTLE. Mr. Speaker, I enjoyed listening to the gentleman from Wisconsin and the majority leader make their version of history for all of us to understand. But try as they might to trash the 1980's, the fact of the matter is every income group improved. If we could only get back to the 1980's instead of the malaise of the 1990's.

Is it just Democrats that bear the burden of this? No. Democrats ruled the Congress, but we had Republican Presidents. We had disastrous plans for the 1980's to fix the budget, so we all had, Republicans and Democrats, our fingers in it together. We don't make any claim to the contrary.

This plan advocated by President Clinton is more of the same old warmed-over dinner. It did not work in the 1980's and it will not work in the 1990's.

Focus for a minute, if you will, on what the formula has been. It is always a promised immediate tax hike followed by a promised future set of spending reductions. When was this formula tried? We began in 1982 with the first disastrous tax hike, up until that point the biggest in history. TEFRA it was called. In 1984 we had DEFRA. In 1987 we had another effort; in 1989, yet another; in 1990, the disastrous budget summit agreement that cost George Bush his Presidency.

Now the Democrats, led by President Clinton, come into this Chamber and before the United States ask us once again to put blinders on and pretend the emperor is wearing a magnificent suit of clothes. In reality, it is just the same old failed nonsense. We get immediate promised tax hikes, now the largest in history, and promised future spending reductions.

Of course, it turns out, when you read the fine print, that even in this plan we discover there will be no net spending reductions for the first 2 years of the plan. Mr. Speaker, we will never get beyond the first 2 years of the plan. That is the idea. Don't you think it is fascinating, we have a 5-year plan and we get the first couple of years and then we are onto a new 5-year plan, with yet more tax increases and further spending reductions? Look at this chart. These numbers have changed a little bit, I am going to be very honest. This is a moving target, and this chart was prepared a month ago, so they are a little different.

Let me just outline briefly what the effect of the Clinton plan is. It is $140 billion in new spending, under these numbers, $359 billion in new taxes, and, after we go through all of that, what do we end up with? After we penalize farmers and blue-collar workers and middle-class workers and everybody in this country, shared sacrifice, it is like socialism, equal sharing of misery, as Churchill said, what do we end up with? We end up with an annual budget deficit of $228.5 billion.

The gentleman from Texas [Mr. ARCHER], the ranking member of the Committee on Ways and Means, tells me this is now projected to be $250 billion, but it is over $200 billion, wherever the numbers may fall.

What does that do for us? It is a serious fiscal risk for this country to end up after the largest tax increase in history and energy tax that is going to cost 600,000 jobs, and the effect of the other taxes in the Clinton plan may be to cost 1½ to 2 million jobs, and then we end up with an enormous annual deficit.

Let me show the Members by comparison what has happened in the past. This chart is not upside down. It just so happens that the Government has not had a very good record with its budget in past years. Look, this goes clear back to 1940. These are inflation-adjusted dollars. Look at what happened here in World War II. In inflation-adjusted dollars we had annual budget deficits of over $500 billion. But look here, near the end of World War II, the tremendous drop that occurred, down to about $180 billion. Guess what, folks? The next year there was a surplus, a surplus that is about $45 billion.

Under this pathetic administration plan, after huge tax increases, we will end up with an annual budget deficit of over $200 billion after 5 years, and having added a cumulative total to our existing national debt, which is about $4 trillion now, it will be $5 trillion.

That will not work. It will not work for farmers, it will not work for housewives, it will not work for children, it will not work for senior citizens, it will not work for anyone who hopes to thrive in this Republic.

A good Democrat, John F. Kennedy, used to say, "A rising tide lifts all boats." Another way of saying that is, when the rich get richer, the poor get richer. Sure, we can go back into socialism and have the equal sharing of misery, kind of like we got a taste of that right now. It is going to get worse if we enact the Clinton plan.

We have had various statements about farmers. Let me quote from the president of the American Farm Bureau Federation, writing to President Clinton. He said;

> I am compelled to express our members' deep concern about the energy tax proposal and your proposed economic package. If imposed, this tax will stifle economic output, increase production costs for farmers, cause farm prices to decline, and jeopardize our ability to compete in the world markets.
>
> Agricultural products are processed, packaged, and transported to consumers. They will be more costly due to the multiplier effect of energy cost increases at each point in the food distribution chain.

Mr. Speaker, we ought to get real and recognize the key to balancing this budget freeze. It is a reduction in spending. When I hear about how many billions that are being cut, that is only inside the beltway. They are not cutting anything, as far as I can tell. They are merely reductions below the planned increases, but they are net increases. It is a disaster. We have got to quit talking like that.

If you are going to talk about a cut, tell me that you are spending less next year than you are spending this year. That is a cut. That is the type of approach we are going to have to take, or at least a freeze so we allow the growth in the economy to reduce the deficit.

Paul Craig Roberts wrote an article saying that if President Reagan had continued the partial freeze in spending in 1987 for 2 more years, his administration would not have been known for its deficits. What we need to do is recognize there is an economic emergency in this country, and that does not mean you go out and pour money out the door from the Federal Government and not be subject to the phoney 1990 budget rules, the pay-as-you-go rules, like we have done time and time again. What it means is you stop spending and you let the budget gap close to the natural growth in the budget. That is the formula for success, and that is what will help farmers and everyone else.

□ 2200

So in this Agriculture Committee, and in this presentation, I thank the ranking member for the chance to address the House on these important issues. We have got to recognize that control of spending is what is lacking here. We do not need any tax increases of any kind. We need spending cuts, and this Clinton package does not do the job.

Mr. ROBERTS. Mr. Speaker, I thank the gentleman from California for his contribution.

I yield to the gentleman from Arkansas [Mr. DICKEY], a most valuable member of the House Agriculture Committee.

Mr. DICKEY. Mr. Speaker, I thank the gentleman.

Mr. Speaker, I am from Pine Bluff, AR. It is a little town in the Fourth Congressional District. There we have agriculture as a main commodity or main business and a staunch part of our economy. There we are playing out a game called farmers lose, and this farmers lose game comes from the fact that this reconciliation package that we are going to consider here soon in this body will hurt the farmers in two ways. It will cut the farm programs and cut the financial footings out from under the farmers, and it will also tax him or her in a disproportionate way as compared to other industries.

My colleagues have spoken to the inequity of raising food stamp spending. They have spoken on the hardships that will be caused by the proposed Btu tax.

I want to spend some time talking about the other tax that will have a very negative impact on our farmers. That is the inland waterways fuel tax—the so-called barge fuel tax.

To add insult to injury, the reconciliation bill also adds another tax that will be devastating to thousands of farmers: The inland waterways fuel tax.

Forty percent of all grain shipped in this country moves by barge. The Ways and Means Committee announced that it had made a major concession to barge users by cutting the proposed increase in the inland waterways fuel tax in half.

This might sound good. But what it really means is that there will be a 250-percent increase in the tax on barge fuel, if this reconciliation package is passed.

The American waterways operators have said that the Ways and Means compromise is not enough. That organization says that jobs are already being lost in the industry, as orders for new vessels and equipment are canceled in anticipation of loss of business it will cause.

We have seen this already in the luxury tax that was passed here in this body. In the first year that luxury tax was passed there were 9,100 jobs lost and the Federal Government ended up paying out $2.40 in benefits for every $1 collected under the new tax. This is the experience we can fall back on as we look at what the taxes are going to do to the farmer.

We must not make the mistake of penalizing associated industries, like agriculture, with the full cost of all the various projects that may have been done on those rivers, for a wide variety of users and purposes.

I have tried hard to find out why this inland waterways tax has been proposed, and the only thing I hear is that the users should pay for the maintenance. But I know as a young boy growing up in Pine Bluff, AR, when that river was nothing but a thread in the summer and a raging torrent in the winter, lives were lost and land was devastated. This Arkansas River project, as well as other inland projects, were actually put in to have flood control, not so that we could have barge traffic. Barge traffic is a byproduct of that, and to say now that we are paying for the maintenance for the barge traffic is wrong. It is not the reason why these particular inland waterways were created.

This tax has far-reaching and extraordinarily serious implications for a number of significant Federal policy areas. As an example, more than one-half of all U.S. export grain goes by barge to deepwater port, where prices paid are set by world market forces. Those forces are irrelevant to domestic transportation costs, and farmers will have to absorb 85 to 95 percent of the rate increase as less income per bushel.

Using Army Corps of Engineers estimates, one study projects that farmers will contribute more than one fourth of all new revenue derived from the tax increase. The resulting farm income losses easily could trigger increased requirements for Federal support payments, offsetting much or possibly all new revenue derived from the Waterways fuel tax.

The Arkansas Farm Bureau, an organization I respect, is on record as being opposed to the barge fuel tax. They have indicated their great concern that it will not only hurt our farmers, but that it has hidden costs as well.

The Arkansas State Senate passed a resolution opposing the proposal to increase the inland waterways fuel tax, saying the tax would be "detrimental to the economy of Arkansas and the United States, resulting in lost jobs, lost public and private investments, and higher prices for all."

A lot of those people signing that particular resolution in the Arkansas State Senate are the closest of friends and the staunchest of supporters of our President.

The Arkansas Waterways Commission points out that barge transportation is the most environmentally friendly mode of transportation. A fuel tax in Arkansas, as in many other States, would create a railroad monopoly within the Nation for the movement of raw materials, farm crops, farm chemicals, and fuels. There is no economic logic for the destruction of the navigation industry.

The barge tax will have a ruinous effect on Arkansas agriculture, as well as on other Arkansas businesses. It will impact local communities, as farmers and other businessmen have to pay higher prices to get their goods to market. We should not even think about doing something that has such far-reaching effects, unless we know what those effects are and are willing to live with them.

Farmers cannot pass those costs along. Farm commodities are traded in international markets. The proposed reconciliation package will put American farmers at another disadvantage relative to their heavily subsidized competitors in other countries.

I joined my Republican colleagues in the Ag Committee in voting against the reconciliation package. Yet our voice in support of American agriculture went unheeded.

Famers, who represent less than 2 percent of the population, are being asked to bear 10 percent of the discretionary, nondefense cuts.

As a result of this reconciliation package, we are faced with more taxes, more spending, higher deficits, and lower farm programs. Our Nation's farmers are being asked to suffer. And this is not right. This is not proportionate.

This reconciliation package will be a terrible burden on an industry that is vital to the welfare of our Nation. We must not allow this burden to be placed on agriculture.

Mr. ROBERTS. I thank the gentleman for his contribution.

Mr. Speaker, I yield to the gentleman from Idaho [Mr. CRAPO].

Mr. CRAPO. Mr. Speaker, I thank the gentleman from Kansas for yielding and I rise this evening to support my colleagues on both sides of the aisle who oppose the increased energy tax proposed by the administration, and to help focus attention of this Nation on the heavy burden it places on rural and agricultural communities.

My home State of Idaho is powered by energy-intensive industries like agriculture, logging, mining, manufacturing, recreation, and tourism. This increased tax singles out rural and energy-dependent areas like the Second Congressional District in Idaho.

This proposed energy tax increase adds up to thousands of dollars in expenses for Idaho farmers. The men and women who work hard every day to grow food we put on our tables will bear an unfair burden under this tax.

Tax hikes on fuel, gasoline, and electricity alone will add millions to the cost of goods and services. It will boost the price of the very items that the farmers need to do business, fertilizer, equipment, transportation.

In my hometown region of Idaho Falls in eastern Idaho, potato and grain farmers will face an increase in production costs of several thousand dollars a year just for direct increases. That does not include the indirect increases that they will face in terms of increased fertilizer, electric, and transportation costs. Sugar, corn, mint, and wheat farmers in the Treasure Valley in southern Idaho will also face increased costs of thousands of dollars.

These are family farms, the ones that provide the backbone of our farm economy. We cannot ask them to foot this bill. I will not ask them to foot this bill.

The increased tax on agribusiness will have a ripple effect throughout rural economies. The Idaho Farm Bureau tells me that Idahoans will pay an additional $160 million annually in direct energy taxes in utility and fuel costs. This tax takes the biggest bite from rural economies and will only drive farmers and other industries out of business. It will drive up the cost of food, and in the end will not help to reduce the deficit. This is the cruelest tax of all, a heavy middle-income tax.

We are asked by the President to pay this price to share the sacrifice in order to get this country out of its Federal deficit. But this tax increase will not be used to cut the deficit. History has shown and the review we just saw earlier shows that every time we raise taxes in this country, spending increases more than the tax dollars increase. This last tax increase resulted in, I think it was, $1.59 of increased spending for every $1 of increased taxes. History should teach us this lesson, and we should not be lead down this path again.

Hundreds of Idahoans have sent me letters asking that Congress cut spending first. That is where our attention should be focused, in finding ways to cut spending, not to increase it.

The problem with our Federal Government is not that it taxes us too little but that it spends too much, and an increase in energy taxes will only continue that unfortunate trend.

Mr. ROBERTS. Mr. Speaker, I thank the gentleman for his contribution.

Mr. Speaker, I yield to the gentleman from Illinois [Mr. EWING], a most valuable member of the House Agriculture Committee.

□ 2210

Mr. EWING. Mr. Speaker, I thank the gentleman for yielding. I appreciate his organizing this special order on the eve, or the night before the eve, of the important tax vote in this House.

The American people have every right to know what is happening in their House. The Clinton budget hits farmers very hard. The American farmer is willing to do their share.

But let us look at it very closely: a $3 billion decrease in farm programs, $7 billion increase in food stamps. To the American public, it appears that agriculture has got a $4 billion profit when, in fact, $3 billion is taken out of the programs that make American agriculture competitive, that allow American farmers to stay in business while competing against the European Economic Community and other areas of the world in which we trade who are heavily subsidized.

Tonight I want to talk particularly about two elements of the Clinton plan which I think will hurt farmers.

No. 1, I want to talk about including ethanol in the Btu tax, and I want to talk briefly about the barge tax.

Originally, President Clinton included ethanol in his proposal to be taxed under the Btu tax. Ethanol was then exempted in a revised program which was intended to win farm support. However, the Committee on Ways and Means, in their wisdom, reinstated the tax on ethanol to pay for, listen to this, a partial exemption from the Btu tax for on-farm use of gasoline and diesel. So we put the tax on ethanol, we take the tax off ethanol, we put it back on, and we are going to give a little crumb to the farm community on the diesel they use on the farm.

We now probably will have to color that purple so that we can keep track of it. It may be a full-employment bill for inspectors to be sure you have purple-colored diesel fuel which is partially exempt from the Btu tax. Farmers are not going to be happy to hear that they lost one exemption just to pay for a partial exemption on other fuel they need, nor will they be happy to know that they are going to lose one of the fastest growing markets for their corn, the ethanol industry, nor, I think, are the working men and women of America going to be happy when they realize they are not going to have these jobs.

We are not going to have this renewable fuel made from American grown corn by American workers. Ethanol is that renewable fuel just like wind and other renewable sources and should be exempt.

Additionally, we have the barge tax then. It hits Illinois and other midwestern farmers very hard. We depend on the waterways to get our grain to market.

While Ways and Means cut Clinton's proposed barge tax in half, it still is over a 250-percent increase from the current tax. Congressional Research Service estimates that the original barge tax proposal would cost corn farmers in Illinois 6 cents a bushel. The Ways and Means barge tax will still cost 3 cents a bushel, and when corn is at 2.20, that is not much of a bargain.

I might mention that the taxes included in the President's plan are indexed to inflation. What a cruel hoax, sneak in in the middle of the night and take it out with inflation every year, an increase in the taxes. The American public should know that.

The bottom line is taxing ethanol and the barge fuel is just a part of a package that could devastate American agriculture and rural America. We will be back here trying to fix this mess probably in a year or two.

Mr. ROBERTS. Mr. Speaker, I thank the gentleman for his contribution.

I yield to the gentleman from Georgia [Mr. KINGSTON], who represents a most important agricultural district.

Mr. KINGSTON. I thank the gentleman very much for yielding.

Mr. Speaker, I have in my hand a letter from a constituent that I received last week. It says:

DEAR CONGRESSMAN KINGSTON: I am furious. I have lived the life of a south Georgia farmer all my life and I am deeply concerned about President Clinton's plans to cut the farm programs of our great nation. Who does he think is going to raise the crops and produce the food for the recipients of food stamps to purchase after he puts these self-sufficient, hard-working farmers out of business? You cannot grow beans, potatoes and corn on a piece of paper called a food stamp! It takes a thriving, producing farm with plenty of acreage to produce healthy, marketable food products.

I, along with my friends, are furious, and we would like you to remind the President that he will only serve 4 years at the rate he is going.

And this, Mr. Speaker, is from a Democrat.

Why is she so mad? Myra Johns is mad because she, like many other middle-class in America, was promised a tax cut by the now President Clinton. Instead they got a series of tax increases, fees, and other spending increases on them, the most famous, the one that hurts the farmers worst, I think, which is the Btu tax.

Down on the farm back home, we say Btu stands for "Bill's Tax is Unfair." It is unfair because it hits people with a direct tax increase of about $400 for the average Georgia farm, and then indirect tax increases of about $600 per farm. Now, is indirect costs going to increase the cost of the goods and services that they buy, the transportation, the fertilizer, all of the products that they purchase for the farm for their production of food which is going to increase and then, of course, the taxes on the municipalities, the counties that they live in.

These governments will have to incur higher taxes, or higher costs, for utilities that they consume, and they are going to have to turn around and increase the millage rates on these farmers.

So it is a very substantial tax increase.

Now, I know that the President said, "Do not worry, we are bringing interest down." Well, I am glad to know we have got a President now who can control the interest. Why does he not go ahead and control the weather while he is at it and help these farmers out a little bit more? For him to say that he controls interest rates, Mr. Speaker, please.

Look at the action of the committee last week; we increased the fees and cut spending on farmers $2.9 billion because we needed to reduce the deficit, and then we turned right around and increased food stamps $7.4 billion on top of an $8.4 billion or an $8 billion COLA which was built in.

Since 1979, food stamps have tripled: $7,300 in 1979 to $21,000 this year. How many farmers have had their incomes triple since 1979? How many farmers are millionaires, since we are out to kill millionaires? How many of the farmers are these big, bad, wealthy people the President keeps screaming about?

If this tax increase is so good, why is it that the majority party does not want to wait until the break to vote for it? Are they afraid they might go home and folks might say, "Hey, this is a horrible tax; and you folks are out of your mind if you think we are going to continue to let you run the Government based on these tax increases."

Mr. Speaker, farmers in my district are not afraid to do their part. They have always stepped forward, but what we need to do is help farmers so that they can produce more food at cheaper prices. We need to give them a capital gains tax cut, an investment tax credit, and less regulations. We do not need to bite the hand that feeds us.

Mr. ROBERTS. Mr. Speaker, I thank the gentleman for his contribution.

Mr. Speaker, at this particular time I yield to my friend and colleague to the north, the gentleman from Nebraska [Mr. BARRETT].

Mr. BARRETT. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, tonight we are here to highlight the adverse effects that the majority's budget reconciliation package will have on U.S. production agriculture.

This package will likely result in: the largest tax increase in history; pushing the economy back into recession; driving the deficit further out of control; dragging the country further into debt; and an even more powerful Federal bureaucracy. And to get all of this, we are once again asking the country's agriculture producers to ante up, and do more than their fair share.

Mr Speaker, the President and many others have asked for shared sacrifice. This package sacrifices the farmer; there is not shared sacrifice involved. Farmers have shown their willingness to do their fair share, as agriculture has already sacrificed $57 billion over the past decade—percentagewise, more than any other sector of the economy. I believe too much focus has been placed on agricultural spending, which accounts for less than 1 percent of our total Federal spending.

Nearly $2 billion of the cuts in farm program spending will come from reducing the number of acres on which a farmer can receive deficiency payments, by 5 percent. This reduction comes on the heels of the 1990 budget reconciliation provision, that just 2 years ago stripped the farmers of 15 percent of their cropland benefits.

The budget reconciliation bill we are scheduled to consider on Thursday, calls for an additional 5-percent increase in the so-called unpaid flex or triple base acres, without a corresponding reduction in the regulatory burden associated with conservation compliance on those acres.

Specifically, I want to focus on an amendment I offered during the Agriculture Committee reconciliation mark-up, that would have saved an additional $269 million, and at the same time reduced some of the paperwork burden that has been placed on farmers.

My amendment, patterned after H.R. 1587, which was introduced by Mr. ROBERTS, and S. 610 by Mr. KERREY in the Senate, would simply say that on a farmer's unpaid acres, the farmer will no longer be subject to the conservation compliance and wetlands protection requirements of current law.

This theory reinforces the concept, adopted by Congress in the 1985 farm bill, that when farmers receive farm program benefits, the taxpayer has the right to demand certain conservation benefits. The reverse should also be true. When the public withdraws benefits from farmers, the public at that point, forfeits the right to tell the farmer how to farm.

If this House, insists on imposing on our agriculture producers, the 5-percent triple base expansion, then the least we could do is relieve them of a few Federal mandates and save the taxpayers money at the same time.

Mr. Speaker, as the unpaid acreage increases from 15 to 20 percent, more farmers will find the program lacking in sufficient benefits, compared to the cost of setting aside acreage and complying with Federal mandates. This will severely reduce the levels of farm program participation.

According to the Food and Agricultural Research Policy Institute at the University of Missouri, a 5-percent increase in flex acres will reduce payments almost dollar for dollar from net farm income. For example, the study projects corn farmers' returns will decline around $3 per acre; wheat farmers' returns will fall by $1 to $1.50 per acre; and cotton and rice returns will drop by $3 to $5 per acre under this package.

How can we continue to ask for more and give less? This concept does not work in the business world, and it is not going to work through another Government program. This philosophy of reducing farm program spending, and increasing mandates, is putting agricultural policy on a collision course with disaster.

President Clinton, in his State of the Union address said, "We ought to be subsidizing the things that work, and discouraging the things that don't." Agriculture programs have earned the right to be counted among the things that work.

Agriculture programs have a successful track record; they are worth the investment. Returns to America include: The world's safest and lowest cost food and fiber supply for American consumers; a job for one out of six Americans; and a $16 billion positive trade balance for the Nation's economy.

In conclusion, I am opposed to the agriculture section of budget reconciliation, because it will severely damage agriculture by increasing production costs, reducing commodity prices, and decreasing world competitiveness. All this on top of the painful budget savings that agriculture has absorbed over the past 8 years. I cannot and will not support this proposal.

□ 2220

Mr. ROBERTS. I thank the gentleman for his comments.

Mr. Speaker, at this time I yield to the gentleman from Colorado [Mr. ALLARD], the ranking member of the Subcommittee on Foreign Agriculture and Hunger.

Mr. ALLARD. I thank the gentleman for yielding.

Mr. Speaker, I rise today to address the Clinton administration's cut in farm programs, their increase in the energy tax, and their rising deficit. It amazes me that in a time when our constituents are willing to make the sacrifices necessary to being the budget under control, the Clinton administration manages to cut farm programs, raise taxes across the board on agriculture producers, and increase the deficit $4.4 billion for food stamps.

I want to be clear that food stamps are necessary for many Americans and their families. However, it's just as true that the President has promised to enact welfare reform. Certainly, it makes sense to defer this new spending until it can be put in the context of a reform package. If we were to defer the new spending it would not take 1 dollar of benefits away from those who are currently eligible, nor would it prevent those who are newly eligible from receiving food stamps. What this would ensure is that we are wisely spending taxpayer dollars.

But instead I have to go back to Colorado and tell the farmers in my district that we cut their programs by almost 3 billion dollars but still increased spending by almost 4½ billion dollars. And by the way, on top of all this, there's still the Btu tax your are subject to, and that is tied to inflation so every year it will continue to rise.

Mr. Speaker, all the farmers in my district are going to be adversely affected by the actions we took in the Agriculture Committee last week, But let me give you an example for a farmer I have known since I was in the Colorado State Senate. His name is Dennis Hoshiko. He farms in Weld County, primarily onions, along with some wheat and pinto beans.

He like most farmers is ready and willing to make some sacrifices to help balance our budget. He is willing, along with the rest of America to give a little for the common good. But instead of telling him that we made hard decisions on the deficit, I have to tell him that once again we're going to tax him so we can increase spending. I am tired of saying it, they are tired of hearing it, but it keeps happening—increased spending.

It is frustrating because all of us who were elected last November were given one clear mandate, cut the deficit. It didn't matter what region of the country you came from . I did not matter what State. It did not matter whether you came from a rural or urban area, the message was the same: decrease the deficit. It is going to be tough on some of our colleagues to go home and explain increased spending.

As you can probably guess I'm going to vote against this budget. But it is probably still going to pass the House. I hope that the Senate can modify this to make it less castor oil and more sugar. Or to put plainly I hope they can hold down taxes in this program and come up with less spending.

Mr. ROBERTS. I thank the gentleman for his contribution.

Mr. Speaker, at this time I yield to the gentleman from Virginia, Mr. GOODLATTE, a most valuable member of the Agriculture Committee.

Mr. GOODLATTE. I thank the gentleman, our distinguished leader on the Committee on Agriculture on our side, for yielding to me.

I appreciate the time to talk about this devastating economic plan that the President has proposed.

The gentleman from Colorado [Mr. ALLARD] correctly pointed out that people of this country want more than anything else a reduction of this deficit, and the American farmer is making a contribution, more than a contribution, a real commitment to that deficit reduction with this budget cut of nearly $3 billion, 11 percent of the agriculture budget.

Mr. Speaker, it reminds me of the story of the difference between the contribution of a chicken and that of a pig to a ham and egg breakfast. The chicken makes a contribution, the pig makes a real commitment.

That is what the American farmer is doing here with this budget.

Then he turns around and looks and sees what the Agriculture Committee at the same time is asked by this administration to do, and I cannot support, increased food stamps in this country by $7.3 billion.

□ 2230

Now, nobody is calling for cutting the Food Stamp Program, but the reason why this program is being called for, the reason why it is necessary is that the Btu tax is going to take so much money out of the pockets of hard-working, low-income people that they are going to have to turn around and give it back to them in the form of food stamp handouts.

Now, what does that say, Mr. Speaker, for welfare reform in this country, that we would deprive hundreds of thousands of people with jobs, the estimate is over 600,000 jobs nationwide, more than 10,000 in my State of Virginia, and turn around and increase the food stamp budget by 25 to 30 percent. It is simply wrong. It is the wrong approach. The Btu tax, many of my constituents now understand what Btu really stands for, big time unemployment.

We need to get cuts across the board, not just in agriculture, but in everything across the spectrum of the Federal budget and get serious about cutting spending, not increasing taxes.

Mr. ROBERTS. Mr. Speaker, I yield to the gentleman from Indiana [Mr. BUYER], who serves on the Armed Services Committee and who represents the fabulous Fifth District, which is a vital agricultural district, and I welcome the gentleman to this special order.

Mr. BUYER. Mr. Speaker, I thank the gentleman from Kansas [Mr. ROBERTS] for yielding to me. I compliment the gentleman on his leadership on the Agriculture Committee and on his leadership in this country for agriculture.

I come here because I represent a rural district in Indiana, all the parts of 20 counties. That is very small compared to the 60 counties of the gentleman from Kansas [Mr. ROBERTS], but the people of Indiana are very similar to the people of Kansas and very similar to people all across rural America.

The Btu tax, or the energy tax on middle-class families, yes, it sets out to raise $71 billion in revenue, but we do not need a new source of revenue.

The President still has not received the message from the American people, and that is to cut spending first, not to create new spending.

To add on this energy tax so we can raise $7 billion for food stamps and $28 billion to increase the earned income credit is just a redistribution of wealth theories of old.

It is estimated that in Indiana the Btu tax will cost my State not only tens of thousands of jobs but also the Nation will lose over 600,000 jobs.

What really boggles my mind, Mr. Speaker, was when the President came here to this Chamber and he proposed the Btu tax, he at that time had no idea what effect the Btu tax was going to have upon agriculture nor the American families, nor upon manufacturing. Only now are we calculating what that effect is going to be.

In Indiana, the Indiana Farm Bureau conducted a study that showed the impact of the Btu tax alone on corn, soybean, and wheat production is over $12 million annually, just in my district alone. The impact of three counties, White, Jasper, and Benton Counties, over $1 million each. These are very rural counties. We are taking this money out of rural districts for redistribution around America.

A local farmer from Rensselaer who farms 1,200 acres of corn, soybeans, and wheat, projects that the annual cost will be over $1,600 from those three crops alone. That does not take into account the barge tax, dairy products, the tax effect on livestock, an increase of rural electric.

We heard discussions about the shared sacrifice. Those who live in rural America are very used to shared sacrifice because they have always done more with less. It is part of their heritage. It is part of their character and that is why we refer to those people who grow up in rural America as those who live in the heartland of America.

This Btu tax is flat-out wrong and we should have a separate vote on the tax coming up.

Mr. ROBERTS. Mr. Speaker, I thank the gentleman for his contribution, and all the Members of the House Agriculture Committee and others who have contributed to this special order.

Mr. Speaker, I include the minority views of Republicans on the Agriculture Committee in the RECORD at this point:

[Committee on Agriculture, U.S. House of Representatives]

MINORITY VIEWS, TITLE I OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1993, MAY 21, 1993

(Prepared at the Direction of Ranking Minority Member Pat Roberts by the Minority Staff of the Committee on Agriculture)

The final reconciliation package passed by the Committee on Agriculture cuts $2.95 billion from the USDA Budget that will protect farm income over the next five years. This contribution to deficit reduction is on top of the $57 billion in cuts surrendered by agriculture over the past decade.

At the same time, following the President's budget blueprint, the Committee action increases spending on food stamps by $7.3 billion over the same five-year period. This increase comes despite an OMB spending baseline that projects food stamp spending increasing from $25 billion to $28 billion by 1998. Baseline estimates include provision for cost of living increases and newly eligible recipients. If the $7.3 billion increase was eliminated, not a single person now eligible or expected to become eligible would lose a single dollar in food stamp benefits. This is simply an expansion of the program, supposedly to offset the effect of the BTU tax.

The Committee, voting on party lines, defeated amendments to block the food stamp increase and to eliminate the need for cuts to farmers by offsetting them against food stamp increases.

Nearly $2 billion of the farm program cuts comes from reducing the number of acres on which a farmer can receive deficiency payments by 5 percent beginning in 1994. This increase in the so-called "unpaid flex" acres would be added to the 15 percent unpaid acres instituted to make savings in 1990. In addition to the 20 percent unpaid flex, farmers will be required to set-aside acres from production to qualify for entry into the farm programs. In 1994, for example, corn will have a set-aside of 10 percent plus a further 20 percent of unsupported acres. For wheat there will be a 5 percent set-aside plus the 20 percent unpaid flex acres.

The cuts adopted by the Agriculture Committee will be crippling to a farm economy that is already suffering from weak grain and commodity prices, but the devastation of agriculture does not end there. Among the $240 billion in net additional taxes contained in the reconciliation bill are two taxes that will destroy the economic base of thousands of farms: the increase in the inland waterways fuel tax and the BTU energy tax. Unfortunately, these issues are beyond the jurisdiction of the Committee on Agriculture.

The Ways and Means Committee announced a major concession to barge users [40% of all grain moves by barge] by cutting the proposed increase in half. While this may sound like progress, it still means that there will be a 250% increase in the tax on barge fuel. This increase will subtract five cents from the bushel-price for a farmer who ships his grain down the Mississippi River. A medium-size corn farmer in Illinois who ships half his crop for export could expect to lose $2,000 from the price of his corn.

The President's BTU tax is the really big hit on farmers, and again the House Ways and Means Committee claims to have given an "exemption" to agriculture. In fact, the "exemption" is only a slight reduction of an unfair and disproportionate tax. Energy is the basis of all production and is used to increase efficiencies and reduce manpower needs. Nowhere has this been more true than in agriculture, perhaps the most productive sector of our economy. The BTU tax will be levied on all the gasoline, diesel, natural gas and electrical energy used by farmers.

In the proposed BTU tax petroleum-based energy will be taxed at a higher penalty rate. The Ways and Means Committee amended the President's plan to allow farmers to pay gasoline and diesel BTU assessments at the lower non-petroleum rate for on-farm uses. How useful is this "exemption" for farmers? In the aggregate they will still pay $800 million to $1 billion annually in BTU taxes. Individual taxes will vary according to region, size and specific crop, but farmers can expect to pay from $1,000 to $4,000 each year in additional taxes attributable to the BTU tax. To offset the revenue loss from granting this minor relief to farmers the much acclaimed exemption of ethanol from the BTU tax was stricken, denying this farm-based fuel a greater opportunity to crack the vehicle fuels market.

The absurd nature of the BTU tax is illustrated by the convoluted budget structure of the proposal. The BTU tax is expected to bring in $70.5 billion over five years. However, in order to offset the burden of this energy tax on the poor, spending was increased in several federal programs: $7.3 billion in food stamps; $28.3 billion for the Earned Income Tax Credit; and $4 billion for low income energy assistance. As a result the government will have to spend nearly $40 billion to offset the harm done by the $70 billion in new taxes, while imposing an unfair and unequal burden on energy intensive industries like agriculture. First, Congress creates the BTU tax, then its effects are offset with major spending increases like food stamps; and then farmers are asked to pay for the increased food stamps by cutting their programs. Farmers get it coming and going.

Farmers have indicated their willingness to make contributions to reducing the deficit. Indeed, they have repeatedly done so over the last decade. But it is fundamentally unfair to ask them to make another major sacrifice for a plan that will raise $3.23 in taxes for each $1 cut in spending with the net result after 5 years of economic pain very little progress on the deficit. Nor is it fair that their programs be cut to the bone while the Clinton Administration and the Democrats insist on major increases in spending for their favored programs.

THE COMMITTEE ON AGRICULTURE HAS A RECORD IT CAN BE PROUD OF ON THE FOOD STAMP PROGRAM

Over the past several years the Agriculture Committee has reported numerous bills, that were enacted into law, expanding the food stamp program and other nutrition programs under the Committee's jurisdiction. In the 100th Congress, there were 7 bills; in the 101st Congress, there were 4 bills, including the 1990 Farm Bill; and in the 102d Congress, there were 4 bills.

Since the inception of the food stamp program, with pilot projects in 1961, total food stamp spending has reached $220 billion.

In 1983, ten years ago, food stamp spending totalled $12.7 billion. In 1993, it is expected food stamp spending will total $25 billion—double the federal funds spent on the program. Since 1983, $175 billion has been spent on the food stamp program.

The food stamp program is designed to automatically expand to meet the food needs of poor families—without any additional legislation. People with incomes below 130% of the poverty line are generally eligible for food benefits. Food stamp benefits are indexed each year to account for the cost of food inflation. Therefore increases in participation are accommodated within the current program.

In 1981 and 1982 the rate of growth of the food stamp program was slowed down. However, according to a study prepared by the Urban Institute in May 1986, the average number of food stamp participants, the average benefit, and the total program costs all showed growth from 1981 to 1984.

The study shows that the effects of the 1981–1982 food stamp legislation was smaller than original expectations and the basic structure of the food stamp program did not change significantly. The legislative changes did not have a consistent or significant effect on the number of people receiving food stamps.

The Urban Institute Policy and Research Report concluded "... on the whole, it appears that the legislation exercised moderate restraint on program growth and costs without undermining its ability to serve current and potential recipients."

The food stamp program is carefully designed to expand to meet the needs of poor families, without any legislative changes. Over the past ten years the food stamp program has been liberalized almost every year. It was significantly expanded by Congress in 1985 and 1988.

According to figures from the Department of Agriculture, the food stamp program will cost over $28 billion by 1996—without any legislative changes to the program. With the changes adopted by the Committee, the food stamp program will cost $30 billion by 1998, with no reform of the system and no opportunity to improve poor peoples' chances to get a job.

Food Stamp Program Growth

[In billions]

Year	*Expenditure*
1979	$6.9
1980	9.2
1981	11.3
1982	11.1
1983	12.7
1984	12.5
1985	12.6
1986	12.5
1987	12.5
1988	13.3
1989	13.8
1990	16.5
1991	19.8
1992	23.5
1993	25.1

WHAT IS WELFARE REFORM

The goal of welfare reform is to make taxpayers out of able bodied participants, something that will be difficult to do with the present welfare system. In the long run reform of the welfare system will benefit participants and taxpayers. Nevertheless, reform can entail costs and spending more money now on the food stamp program, before we reform the system, is not the right thing to do.

Putting $7.3 billion into the food stamp program before any reforms are made to the welfare system is like putting the cart before the horse. There is a better way to provide help to poor families and the President's proposal to reform welfare as we know it presents an opportunity that should be seized.

WHERE IS THE REFORM OF THE WELFARE SYSTEM?

One of the themes of President Clinton's campaign and a bi-partisan goal of Congress is to end and reform welfare as we know it. Unfortunately, the food stamp proposals adopted by the Committee do not end welfare as we know it; rather, they continue the same welfare programs. In fact, they will trap second generation food stamp recipients in the circle of poverty that undermines family and self responsibility. The President said he wanted to require those who can work, to go to work. What is missing in the food stamp package adopted by the Committee is a significant proposal to accomplish this goal; to target assistance to the truly disadvantaged; and, to assist those who are able-bodied gain employment. In fact, the changes to the food stamp *employment and training program* included in the President's bill cost $20 million over five years—or less than .3%—three tenths of one percent of the entire five year cost of the bill. If we are to increase food stamp spending by over $7 billion, surely we can allocate more than .3% of employment and training programs.

Before additional funding is allocated to the food stamp program, described by the President as an investment, this "investment" should pay dividends—to the able bodied people now relying on food stamps, by ending this circle of poverty, and to the taxpayer who is footing the bill.

THE CASE FOR WELFARE REFORM OR ENDING THE "CIRCLE OF POVERTY"

Families participating in the food stamp program have needs other than food—the need for financial assistance, help in finding a job, housing, and medical assistance are among the major problems facing poor families. The present system with the lack of coordination and resolution of the differences among the programs, is very troublesome. There are major problems facing the entire public welfare system. Until these problems are addressed, which must include budgetary, regulatory, tax, and welfare reform, real assistance for needy families will not be achieved.

When a family is in need of help, that need often crosses program lines and the hurdles that families must scale in applying for help are immense. They often must go to different agencies, meet different eligibility standards, and abide by different rules and regulations. That they are able to receive help if a reflection of their abilities, rather than the system presented to them.

The time is ripe for change. There is great interest in looking at the present welfare system and making changes that benefit the families looking for help and the administrators running the programs. President Clinton, while campaigning and in his State of the Union address, made the point we must end welfare as we know it by giving poor families the tools necessary to improve their lives and those of their children. He is right. Unfortunately, the Agriculture Committee turned its back on this opportunity.

COMMITTEE CONSIDERATION

The President's 1994 budget proposed to institute an energy tax, better known as a BTU tax. Because of the effects of this new tax the President also proposed to increase spending in programs designed to help poor families.

The Administration submitted its proposals for changes to the food stamp program to increase spending on the food stamp program by $563 million in 1994 and by $6.955 billion over a five year period. The proposals include removing the ceiling on the excess shelter deduction which will cost $2.5 billion over five years (over one-third of the new spending) resulting in additional food stamp benefits to only 15% of the families receiving food stamps. Another change increases the value of a car food stamp families may own and then increases that amount each year to reflect the changes in the consumer price index for new cars.

The Agriculture Committee adopted the Administration's food stamp proposals, with few changes, and the resulting expenditures total $7.137 billion over five years. The Committee rejected two proposals: to offset cuts to farm programs and increase food stamp spending by $4.4 billion and to defer additional food stamp spending until the President's welfare proposal is submitted to Congress.

The Committee rejected an opportunity to place $7.3 billion in a "trust fund" for future reform of the welfare system. Instead the Committee chose to spend now and probably pay later as well.

THE ROBERTS AMENDMENT

The instructions from the Budget Committee to the Agriculture Committee required a cut in agriculture programs of $2.9 billion over five years and an expansion of $7.3 billion for the food stamp program. This means that the Agriculture Committee is charged with increasing the deficit by almost $4.4 billion—$7.3 billion minus $2.9 billion—with none of the money going to agricultural programs.

Because of the 1994 Budget Reconciliation, the Agriculture Committee will be charged with cutting farm programs and contributing to the deficit at the same time. This action was required despite the fact that farm programs have been cut by $57 billion since 1981.

The Roberts amendment simply said—no cuts to agriculture programs and increase the food stamp program by $4.335 billion. The result would have been that the Committee would be spending an additional $4.335 billion: but. agriculture programs would not be reduced. If this amendment had been adopted, the Committee would have been within its spending guidelines, and farmers would not have suffered another year of budget cuts.

The Roberts amendment did not cut food stamp program spending. It increased food stamp program spending over the baseline by almost $4.4 billion over five years.

Nevertheless, the Committee chose to reject the Roberts amendment, on a straight party line vote, cut farm programs, and almost doubled this amendment's increase in food stamp spending. Farmers, who represent less than 2% of the population, are being asked to bear 10% of the discretionary, nondefense cuts.

THE EMERSON AMENDMENT

An amendment was offered in the Agriculture Committee by Congressman Emerson to strike the food stamp expansions included in the Committee's reconciliation package and include instructions to defer the $7.3 billion in spending until the President submits his welfare reform proposal. The Committee rejected this proposal and chose to spend additional money on the food stamp program now without any attempt to reform the system.

THE BARRETT AMENDMENT

The Committee rejected an amendment offered by Congressman Barrett that would save money and at the same time reduce some of the paperwork burden that has been placed on farmers since 1985. The Barrett Amendment reinforced the concept adopted by the Committee in the 1985 Farm Bill, that when farmers receive farm program benefits, the taxpayer has the right to demand certain conservation benefits. The converse should be true. When the public withdraws benefits from farmers, the public at that point forfeits the right to tell the farmer how to farm.

Mr. Barrett's amendment (HR. 1587) would exempt from conservation compliance regulations that portion of the farmer's farm for which he or she is not receiving Federal Farm Program benefits.

Our current course, reducing farm program spending and ever increasing mandates is heading agricultural policy on a collision course. Economics will dictate that the farmer simply opt out of the farm programs and the entire farm will not have to be in conservation compliance. This would be a catastrophe for our nation's effort to protect the nation's soil and water resources.

The Barrett amendment would have at least provided a minimal regulatory relief and also save money. The Committee rejected the proposal with the intent of further examination of the issues raised by the amendment and we urge the Committee to proceed expeditiously in considering HR 1587.

RURAL ELECTRIFICATION ACT AMENDMENTS

Although an argument could be made that these amendments are an extension of the rural development title of the 1990 Food, Agriculture, Conservation and Trade Act, nonetheless, we believe the Committee has included in a budget package a dramatic policy shift in the delivery of USDA rural development programs. This reorganization of programs and activities may create a more efficient delivery system and a more coherent federal policy apparatus. It is a cause of concern, however, that it has been adopted outside the usual procedural restraints of committee hearings and deliberation. We believe the Administration and rural America should also be concerned over the sweeping changes made to a significant program critical to rural America, without hearings and public comment.

It should be pointed out these REAct amendments achieve only modest savings, about 20% of the savings required by the House Committee on the Budget. These "lost" savings must necessarily be taken from other program functions affecting farmers, ranchers and rural areas. While we believe the Committee certainly has a responsibility to soften the blow to our rural constituents who use electric and phone services. The REAct amendments adopted by the Committee could inadvertently cause undue hardship in the future and may prove unworkable.

Should rates rise above the statutory caps in the Committee amendments, (7% in the municipal rate program for electrics and the cost-of-money program for rural telephone companies (telecos), then electric coops and rural telecos could face a situation similar to that of the early 1980s when the electric and telephone revolving fund was in fiscal crisis. At that time, repayments to the revolving fund at low rates were insufficient to service new government borrowings at very high interest rates. In the Committee package, interest rates above the statutory 7% lending rate may mean a restriction on the number of loans made. We are troubled by the possibility rural electrics and phone companies could at some time in the future not be able to fund their capital needs at any interest rate.

FEDERAL CROP INSURANCE

We have similar concerns about the crop insurance proposal that was offered in the Committee markup. With little discussion, no hearings, and no public comment, we are changing a basic risk management tool that producers and lenders currently appear to find increasingly suitable. Our concerns also are based on the experience some of us remember from crop insurance reform deliberations in the 101st Congress.

At that time, Members of this Committee discussed and debated at length two bills with completely different approaches to crop insurance reform. Neither was adopted, but this Committee with no more debate than was entertained during the business meeting of May 13th appears to have agreed in principle to a bill very similar to one that was found unworkable in 1991.

We are concerned we are being asked to undertake a major reform of crop insurance without allowing time for some of the reforms made in the program in 1990 to work. The Committee took steps in 1990 to improve actuarial soundness and to reduce the program's cost. With only two cropping seasons since those changes, adequate time has not been allowed to see if those reforms will reduce costs and improve the program.

In addition, the Federal Crop Insurance program changes adopted by the Committee would eliminate the premium subsidy to farmers who have been responsible risk managers and purchasing crop insurance. Instead the money being used for premium subsidies, plus an additional $157 Million is spent to provide 35 percent catastrophic coverage to all producers. We question whether this low level of catastrophic coverage is enough and more importantly have concerns over the impact this will have on farmers ability to secure financing from lenders.

Aside from the policy considerations, the problem encountered in 1991 was cost. In 1991, it appeared from all angles that a program similar to the one included in this bill, would cost about $1.1 billion annually, approximately $300 million more per year than the baseline. We are concerned the $157 Million, over five years, the Committee has siphoned off from other agriculture programs to fund this program will be insufficient. We are doubly concerned that the Committee in its haste to seize this opportunity and use this "new" money may adopt a program that was unacceptable a few years ago. There are legitimate policy and budget questions needing answers. While we are not opposed to considering this latest proposal, we would prefer an orderly procedure with balanced hearings and due deliberation.

PEANUT PROGRAM PROVISIONS RELATING TO THE IMPOSITION OF AN INTERIM TARIFF AND A SECTION 22 QUOTA UNDER THE AGRICULTURE ADJUSTMENT ACT

The Committee's recommendations to the Committee on the Budget provides for an additional 2% assessment on peanuts for the 1993 through 1998 crops of peanuts and extends the current (1%) assessment through 1998 to ensure that the peanut program remains a no cost program. The Committee is to be commended for meeting its instructions contained in the Budget Resolution on reductions in direct spending in this farm program, as it did for other farm programs, in a fair and balanced manner. However, section 1109(d) as explained in pertinent part in the section-by-section analysis (located earlier in this report) contained additional amendments relating to the peanut program.

"A second factor contributing to losses in the program is the continued quota-exempt importation of peanut paste and peanut butter. Although the importation of peanuts and peanut products is regulated under Section 22 of the Agricultural Adjustment Act, a 1953 Executive Order signed by President Eisenhower exempts peanut butter from these restrictions. Peanut paste does not have this waiver, but the restrictions on peanut paste imports is not currently enforced by the U.S. Customs Service.

"Similarly, since the ratification of the Canadian Free Trade Agreement (Free-Trade Agreement), imports of peanut butter have increased more than 700%. Canada has a negligible to non-existent peanut production capacity. Most peanuts used to produce peanut butter in Canada are imported from China or Argentina. Transshipped foreign peanuts violate the rule of origin limitations contained in the Free-Trade Agreement. In some instances, the U.S. Government has identified the prohibited use of U.S. additional peanuts re-imported to the United States from Canada in the form of peanut butter or peanut paste.

"The loophole in the peanut restrictions of section 22 of the Agricultural Adjustment Act should be closed. Section 1109 requires that a 55 cents per kilogram tariff be placed on all imported peanut butter and peanut paste. The increased tariff rate will expire on July 31, 1998. At that time, peanut butter and peanut paste will be placed under the existing Section 22 limitations established for peanuts and peanut products."

"It is understood that the National Peanut Grower Group has submitted a letter to Secretary Espy earlier this year as allowed, under section 22 of the Agricultural Adjustment Act of 1933, claiming that imports from Canada and Argentina are tending to render ineffective or materially interfere with the Department of Agriculture peanut program. It is also understood that a task force in the Department has been studying this matter and will report its findings to the Secretary in the near future. If the Secretary finds that the imports of peanut products from Canada and/or Argentina are interfering with a loan, purchase, or other USDA program, the Secretary may so advise the President who, if he agrees with the Secretary, may cause an immediate investigation by the International Trade Commission or take other emergency action. Thus, it would appear that the peanut growers are pursing a course to try to have the President address this problem as is set forth in current law.

It is also recommended that the Subcommittee on Specialty Crops and Natural Resources give consideration of holding hearings on this subject. Furthermore, the Committee on Ways and Means is urged to address this issue in an appropriate manner so as to review the claims made and concerns expressed by the domestic peanut growers.

However, the appropriateness of addressing this matter—at this time and in these legislative recommendations—is questioned based on amendments to the Harmonized Tariff Schedule (see section 1109(d)) that would not appear to be in our jurisdiction.

Mr. Boehner, a Member of the Committee, made a point of order objecting to the consideration of the matters in section 1109(d) during the Committee mark up of its recommendations to the Budget Committee (see excerpt below taken from the transcript of the business meeting):

"Mr. Chairman, I am going to make a point of order to the peanut provisions that are in the outline that were presented. The Committee, with regard to those peanut provisions, is certainly overstepping our jurisdiction in imposing assessments on manufacturers which, in fact, become a tax. In addition, the increased tariff in the second part of the peanut provision that we've heard explained oversteps the Committee's jurisdiction in increasing the tariff on imported peanut butter and peanut paste. Finally, Mr. Chairman, the third part of that peanut provision relating to section 22 currently covers peanuts and what you are doing is you are adding peanut butter and peanut paste to that section 22. Again, all of these issues are under the jurisdiction of the Committee on Ways and Means and I don't know how we can use these as part of our reconciliation letter."

The Acting Chairman, after some discussion, overruled the point of order and as a result Mr. Boehner proceeded to offer amendments to strike what he considered to be each of the three provisions that he submitted should be deleted from the House recommendations as they related to the peanut program. One of the amendments deleting the assessment on manufacturers who utilize peanuts in processing or manufacturing their product was accepted by unanimous consent and without objection.

Mr. Boehner's amendments to the other two provisions that remain in the Committee's recommendation (section 1109(d)) failed adoption on a "show of hands" vote.

It is believed a better course of action in this matter would have been to avoid a jurisdictional dispute with the Committee on Ways and Means as it relates to this matter. Although there would undoubtedly be some effect on revenue and costs based on the provisions in section 1109(d), apparently no such estimate was provided to the Committee by the Congressional Budget Office based on the jurisdictional confusion surrounding this matter.

It is recommended that in view of all the foregoing circumstances that the provisions of section 1109(d) be deleted.

Mr. Speaker, in summary, it would be one thing if this whole budget package were coming down the pike and prices for farm products were at reasonable levels, but prices were off 10 to 20 percent from last year. Our export picture is in shambles. We do not know about the Russian aid program. We do not know about GATT and NAFTA.

I will repeat again. If we are not successful in attracting more Members on that side of the aisle to defeat this Clinton budget package and it passes both Houses of Congress, we will be back within a year with an emergency farm package and an urgent dire supplemental. We do not need to do it.

Mr. Speaker, I thank my colleagues for their contribution.

Mr. POMBO. Mr. Speaker, as a Member of the freshman class of this Congress, I am proud and honored to represent the people of the 11th District of California here in the House. But before I came to this Chamber, I was a full-time farmer in production agriculture, and to agriculture I will return one day. I have tried to bring that unique perspective with me to the Agriculture Committee.

And, as a farmer, I'm going to tell you that this budget reconciliation is going to be hard to sell back home, especially to our Nation's farmers.

The farmers I know are basic, hardworking, straightforward people. They speak simply and plainly. And the plain, simple truth is that this budget reconciliation package is cutting nearly $3 billion from farm programs while, at the same time, increasing and expanding the Food Stamp Program by over $7 billion. Those are the facts. Without the blue smoke and mirrors; without the rhetoric and window dressing, there is the reality that the supporters of this budget need to explain.

For me, it's easy. I voted against the budget reconciliation, and urged my colleagues to do the same. I voted in committee repeatedly to produce a more fair and evenhanded approach for agriculture. Each time the Democrat Party prevailed, leaving this farmer with no alternative but to oppose the final product. I wanted to see a budget that made the needed cuts, but did it in a way that shared the burden, rather than heaping the load ever higher on farmers.

As I said, for me the explanation of my vote is easy. For my Democrat colleagues, however, I can only wish you luck. To those who supported this budget, I want you to go, visit a farmer in your district. Put your foot up on the bumper of his truck, and tell him why the money being cut from crop insurance is better spent by expanding the Food Stamp Program. Or explain to him the equity of the Btu tax, or maybe the justice of the estate tax. I'd like to be there when you try. But let me give you a word of warning: don't do it near a running combine.

Mr. BOEHNER. Mr. Speaker, I take the floor today to discuss the budget reconciliation process and its impact on agriculture.

I am confident that if Americans knew what happened in each of the authorizing committees a few weeks ago, they would be appalled. In one afternoon, the House Agriculture Committee legislated more changes in agricultural policy than we have in the 3 years that I have been here.

Little, if any consideration was given to the overall direction of our agricultural policy. The committee was told to come up with $2.9 billion in savings—which would be offset by a $7.3 billion increase in food stamps. Efforts to try to insulate the farmer from these cuts were rebuffed.

Attempts by Mr. ROBERTS and Mr. EMERSON to reduce the amount of the food stamp increase and withhold the $7.3 billion until the welfare system is reformed, respectively, were rejected on straight party line votes. By rejecting these amendments, the committee preferred to spend now and probably pay more later as well.

MAJOR AMENDMENTS CONSIDERED BY THE HOUSE AGRICULTURE COMMITTEE TO TITLE I OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1993

1. Amendment by Mr. Roberts—Motion to instruct the Committee; increase food stamp spending by $4.4 billion and use the savings to meet the $2.9 billion from program spending cuts.

Explanation: The House passed Budget Resolution instructed the Agriculture Committee to decrease farm program spending by $2.9 billion and increase food stamp spending by $7.3 billion over the next 5 years. Essentially the Budget Committee told the Agriculture Committee to adopt the Mickey Leland Hunger Prevention Act.

Mr. Roberts' amendment was rejected by a vote of 17 yeas to 27 nays, recorded as follows:

Yeas: Mr. Roberts, Mr. Emerson, Mr. Gunderson, Mr. Lewis, Mr. Smith, Mr. Combest, Mr. Allard, Mr. Barrett, Mr. Nussle, Mr. Boehner, Mr. Ewing, Mr. Doolittle, Mr. Kingston, Mr. Goodlatte, Mr. Dickey, Mr. Pombo, and Mr. Canady.

Nays: Mr. Brown, Mr. Rose, Mr. English, Mr. Glickman, Mr. Stenholm, Mr. Volkmer, Mr. Penny, Mr. Johnson, Mr. Sarpalius, Ms. Long, Mr. Condit, Mr. Dooley, Mrs. Clayton, Mr. Minge, Mr. Hilliard, Mr. Inslee, Mr. Barlow, Mr. Pomeroy, Mr. Holden, Mr. McKinney, Mr. Baesler, Mrs. Thurman, Mr. Bishop, Mr. Thompson, Mr. Williams, Ms. Lambert and Mr. Peterson.

2. Amendment by Mr. Emerson—deferred the $7.3 billion in additional food stamp spending until Congress worked on and adopted welfare reform.

Explanation: Mr. Emerson argued that we shouldn't spend this additional money until the President submits a welfare reform package and the Congress has addressed the problem. The taxpayer could be better served by using some of the increased spending for training and employment programs.

Mr. Emerson's amendment was rejected by a vote of 19 yeas to 25 nays, recorded as follows:

Yeas: Mr. Minge, Mr. Baesler, Mr. Roberts, Mr. Emerson, Mr. Gunderson, Mr. Lewis, Mr. Smith, Mr. Combest, Mr. Allard, Mr. Barrett, Mr. Nussle, Mr. Boehner, Mr. Ewing, Mr. Doolittle, Mr. Kingston, Mr. Goodlatte, Mr. Dickey, Mr. Pombo, and Mr. Canady.

Nays: Mr. Brown, Mr. Rose, Mr. English, Mr. Glickman, Mr. Stenholm, Mr. Volkmer, Mr. Penny, Mr. Johnson, Mr. Sarpalius, Ms. Long, Mr. Condit, Mr. Peterson, Mr. Dooley, Mrs. Clayton, Mr. Hilliard, Mr. Inslee, Mr. Barlow, Mr. Pomeroy, Mr. Holden, Ms. McKinney, Mrs. Thurman, Mr. Bishop, Mr. Thompson, Mr. Williams, and Ms. Lambert.

The Committee reported the Reconciliation package by a roll call vote of 26 yeas and 18 nays, recorded as follows:

Yeas: Mr. Brown, Mr. Rose, Mr. English, Mr. Glickman, Mr. Stenholm, Mr. Penny, Mr. Johnson, Mr. Sarpalius, Ms. Long, Mr. Condit, Mr. Peterson, Mr. Dooley, Mrs. Clayton, Mr. Hilliard, Mr. Inslee, Mr. Barlow, Mr. Pomeroy, Mr. Holden, Ms. McKinney, Mr. Baesler, Mrs. Thurman, Mr. Bishop, Mr. Thompson, Mr. Williams, Ms. Lambert, and Mr. Volkmer.

Nays: Mr. Minge, Mr. Roberts, Mr. Emerson, Mr. Gunderson, Mr. Lewis, Mr. Smith, Mr. Combest, Mr. Allard, Mr. Barrett, Mr. Nussle, Mr. Boehner, Mr. Ewing, Mr. Doolittle, Mr. Kingston, Mr. Goodlatte, Mr. Dickey, Mr. Pombo, and Mr. Canady.

These votes, when coupled with several other actions taken by the committee point out the need for serious controls on Federal spending. Increasing food stamp funding while reducing farm programs is not good policy. Nor is it consistent with a real commitment to deficit reduction.

The food stamp fiasco is just one of the antics that happened during the committee's consideration of the reconciliation package.

In addition, the committee included language on several provisions outside the committee's jurisdiction, and made several major policy changes based on nothing more than brief summaries. Such changes were made to the peanut program, the Rural Electrification Act, and the Federal crop insurance.

With regard to the peanut program, I made several attempts to strike certain objectionable provisions from the package, however they were defeated along party line votes—even though they were clearly outside our jurisdiction. These provisions will have the effect of raising the price the consumer will have to pay for peanut butter. I find it kind of ironic that Congress would increase the funding for food stamps and increase the price of peanut butter at the same time.

These changes were not just minor or technical in nature. They put forth major changes in the operation of these programs. These actions were taken with little discussion, no hearings, and no public input. Hardly the way the democratic process is supposed to work.

Like many of my colleagues, I am committed to working for true deficit reduction. This package does not even come close to reducing the deficit. It is just another way to ensure that the pet programs of the majority are fully funded while asking the hard-working people of the Eighth District of Ohio for more of their hard-earned money.

If the savings found went to actual deficit reduction, I would have no problem with this package. However, we all know that these so-called savings will not go to reducing the deficit. Just like all the previous tax increases, these additional savings will only go to fund more Federal programs.

There is no doubt that the administration's proposals increases taxes by over $3 for every $1 in spending cuts. No one can refer to that as a real deficit reduction effort.

The reconciliation package we will consider later this week raises everyone's taxes without providing any long-term entitlement restraint. Ohioans who had hoped that the budget reconciliation process would begin cutting the deficit should be outraged.

Mr. EMERSON. Mr. Speaker, this body will soon deliberate and vote on a measure that will cause certain economic harm on American agriculture, many rural communities, and local jobs across the country. Clearly, this Nation's agricultural livelihood will soon suffer potential economic catastrophe as a result of the Omnibus Budget Reconciliation Act of 1993, if enacted. This issue is a timely one—particularly given all that our local farming communities have at stake under the President's budget recommendations.

Frankly, I am deeply concerned by the components of the President's economic plan—specifically the proposed Btu energy tax and the barge fuel tax or inland waterway user fee. I am also disturbed by the impact of the proposed budget cuts on production agriculture and related jobs. Unfortunately, it appears the narrow margin of profit on a bushel of corn, acre of soybeans, bale of cotton, or pound of pork or beef, will get slimmer yet. The President's proposed tax increases and budget cuts will undoubtedly hit farmers where it hurts the worst—the bottom line.

We have proved to the rest of this Nation that American agriculture is willing to pull its share of the deficit reduction load. However, I now fear that the President's economic plan sacrifices the economic health of our rural towns and communities to pay for increased spending in other areas of the Federal budget.

Certainly, an increase in taxes will have a tremendous negative effect on this Nation's hard-working farmers and local agri-businesses. For example, this budget plan will increase barge fuel taxes by 250 percent, from $0.19 to nearly $0.70 per gallon. This tax increase will decimate the domestic barge industry which is so critical to farm producers in the Mississippi Delta region along with producers throughout the Midwest and South.

Equally important, the increased costs of the inland waterways fuel tax cannot be passed on to the end purchaser in foreign ports. Rather, the lion's share of the tax will be passed on to the local farmer in the form of lower prices for grain at the farm gate. By unfairly singling out this industry so vital to our Nation's transportation network, the new administration is prescribing a serious blow to the viability of American agriculture and local jobs.

This tax coupled with the Btu energy tax could easily cost more jobs in the agricultural arena than the package purportedly intends to create. Unfortunately, increased fuel costs through higher taxes on gasoline, diesel fuel, and propane on the rural consumer are just the beginning. Fertilizer, pesticides, herbicides, machinery, and even the tires on farm equipment will cost farm producers more through this energy tax proposition. Drying, ginning, and grain storage costs along with transportation and electricity expenses will also go up.

The local banker and farm credit office must also be considered. The reduced profitability of farming through increased taxes, higher costs, more paperwork, and added Government regulations will make the trip to the local banker more difficult than ever.

Adding another tax burden on the shoulders of farm producers and related farm industries won't balance the budget—it will only make a bad situation worse. Greater tax burdens—particularly in the nature of an energy tax—only rob from those hard-working men and women who spend their lives providing the food and fiber for the people of this Nation.

Mr. Speaker, less Government spending is the answer—but it must be applied equitably and fairly. We must not and cannot balance the budget on the backs of the American farm producer. Clearly, this is one budget plan that we in rural America cannot afford.

Mr. GUNDERSON. Mr. Speaker, I join my colleagues today in speaking out against the reconciliation package which is presented for our consideration. It is simply incomprehensible how this administration can ask the agricultural sector of our economy, which gets only seven-tenths of one percent of all Federal dollars, to make 3½ percent of all of cuts its budget calls for.

The whole reconciliation debate this week is going to be about fairness, Mr. Speaker, not partisanship. During that debate, a lot of tough questions are going to be asked about the fairness of this reconciliation package. And the first question on my list is, is it fair to make hard-working American farmers take five times their share of budget cuts? The answer, Mr. Speaker, is a resounding "no!"

You know, every dollar we cut out of Function 350 is at least a dollar out of farmers' pockets around the country. And, quite frankly, farmers just might be willing to collectively give up $2.95 billion of income in the upcoming 5 years if they could be assured that their sacrifice would result in genuine deficit reduction. Unfortunately, Mr. Speaker, it won't.

By the Clinton administration's own figures, their budget will result in a 4-year budget deficit of $1,290 billion—that's $144 billion more than the entire deficit of the Bush administration, $467 billion more than the second Reagan administration, and a whopping $702 billion more than the first Reagan administration. Is it fair to ask farmers to forgo $2.95 billion in income so that we can still have the largest 4-year deficit in our country's history? Again, Mr. Speaker, the answer is a resounding "no!"

Which, of course, leads us to the question of the hour—that is, if we're making all of these cuts and raising all of these new taxes, why is the Clinton administration running the single largest 4-year deficit in American history? One simply has to look at the reconciliation instructions provided to the House Agriculture Committee to find that answer.

Unbelievable as it seems, at the same time the committee has been instructed to take $2.95 billion of income out of farmers' pockets, it has also been ordered to increase spending on the Food Stamp Program by $7.3 billion. One would naturally assume that the justification for an increase of that size would have to be there are people who qualify for food stamps who aren't getting them currently and we need to increase spending on the program to accommodate these individuals.

Not so. The Food Stamp Program is an entitlement program and, as that title suggests, everyone who is eligible to receive food stamps does, indeed, get them. Instead, this $7.3 billion is earmarked to fund various reforms in the program contained in the yet-unpassed Mickey Leland hunger legislation.

So, as you can see, the $2.95 billion coming from farmer program cuts is not being used for deficit reduction purposes but is, rather, being directed diverted to new spending on programs such as food stamps.What makes this so onerous is that the Mickey Leland bill—as introduced by Budget Director, then Congressman, Panetta last year—has specific language which provides that "none of the provisions of this act shall become effective unless the costs are fully offset in each fiscal year through fiscal year 1998. No agricultural price or income support program administered through the Commodity Credit Corporation under the Agricultural Act of 1949 may be reduced to achieve that offset."

Listen to that last sentence one more time, Mr. Speaker: "No agricultural price or income support program administered through the Commodity Credit Corporation under the Agricultural Act of 1949 may be reduced to achieve that offset." But that's exactly what this reconciliation package does here today—it takes $2.95 billion of farmer income and reprograms it to the Food Stamp Program. Is that fair, Mr. Speaker? Again, the answer is a resounding "no!"

Instead of rolling over and playing dead on this issue, we ought to stand up to this administration and say "that's not fair and we're not going to let you make this trade-off." And that's exactly what we tried to do in the Agriculture Committee with the Roberts amendment which would have allowed $4.4 billion of increases in the Food Stamp Program, but would have refused to make the $2.95 billion in farmer program cuts needed to fund the remainder of the changes requested in the Food Stamp Program. Unfortunately, that amendment was defeated on a party-line vote.

If we're going to take income directly out of the pockets of American farmers, the least we can do is use it for deficit reduction. That's why I and several other members of the Agriculture Committee have called for the establishment of a second trust fund into which savings from current program cuts can be placed for the sole purpose of deficit reduction rather than to fund spending increases on select programs. Short of that, Mr. Speaker, I don't see any way that a Member of this House can go back to his/her farmer constituents and explain why $2.95 billion of their money has been taken out of their pockets.

Take my dairy producers for example. In the name of deficit reduction, we have cut Federal outlays on the Dairy Price Support Program from a yearly high of $2.6 billion in fiscal year 1983 to a projected average annual cost of $275 million over the next 5 fiscal years. Clearly, dairy farmers have done their part in the war against the deficit.

Yet, the dairy program is now expected to take another cut of about $50 million per year over the next 5 years as part of this reconciliation package. Is it fair for dairy producers, who have already reduced annual expenditures on their program by 90 percent in the last decade, to be asked to take $250 million out of their pockets simply to fund increased spending on food stamps? There is no doubt that the answer to that question is "no" and I will not support any package that requires them to do that.

Such funding reductions are particularly unfair in light of the new energy taxes that dairy producers will have to pay when President Clinton's Btu tax kicks in. This tax hits farmers disproportionately, all day and every day, directly and indirectly, gas, diesel, electricity, fertilizer, herbicides, pesticides, hauling prices, and processing fees to name just a few. Those of us who represent agriculture know that for every dollar of direct on-farm energy expense there's another dollar of indirect energy costs.

Economists for the National Milk Producers Federation originally estimated that the Clinton Btu tax would cost the small dairy farmer with 50 cows between $575 and $625 annually while the large operator with 500 cows would pay between $5,750 and $6,250 in new energy taxes.

With the very limited exception granted on diesel fuel, the small dairy farmer with 50 cows will still be paying between $445 and $520 in Btu taxes while the large operator with 500 cows would still pay between $4,450 and $5,200 annually for the privilege of using electricity and fossil fuels on his/her farm.

These additional farmer taxes are not only unfair when considered in conjunction with the cuts in Federal farm programs, but regressive as well because they hit disproportionately on farmers, low income families, and rural Americans. The Btu tax is also bad economic policy because, in a time of a fragile economy when we ought to be stimulating rather than discouraging investment, it taxes the one thing that touches virtually every aspect of our economic lives—energy. In the process, it hurts everyone—working families, small businesses, industry, and—most significantly—farmers.

As I stated in the opening of my remarks, Mr. Speaker, the question before us is one of fairness of the administration's budget and the House Budget Committee's reconciliation package. First of all, it is unfair to force a disproportionate share of cuts on one sector of the economy. Second, it is inequitable to go after a farm program that has already reduced its outlays 90 percent over the past decade in the name of deficit reduction. Third, it is unfair to impose a new, highly regressive tax on the individuals who have already had their Federal programs cut disproportionately. And finally, it is fundamentally unfair to take the savings associated with those cuts and the revenues received from those new taxes and channel these funds to new spending on food stamps and whatever else rather than using this money for deficit reduction.

I, for one, vigorously oppose this reconciliation package because of its inequitable impact on rural America. We need to stand up to this administration, Mr. Speaker, and insist on fairness. We should accept nothing less.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana [Mr. BURTON] is recognized for 60 minutes.

[Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

THE IMPACT OF THE PRESIDENT'S BUDGET PROPOSAL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon [Mr. KOPETSKI] is recognized for 60 minutes.

Mr. KOPETSKI. Mr. Speaker, I know the hour is late and I will be somewhat brief.

Before I start my regular presentation, though, I want to respond to some of the comments made about the impact of the President's proposal on the agriculture community.

I had the great honor and pleasure to serve with the gentleman from Kansas [Mr. ROBERTS] on the Agriculture Committee in the last session of Congress. Clearly, the House is much better with the voice of the gentleman from Kansas [Mr. ROBERTS] here. Clearly, agriculture is well served by his voice and advocacy in the House.

Many times we agree on many issues facing the farm families of America and the agricultural sector of this country. After all, it is one of those areas in my district, for example, that helps the balance of payments. We export a lot of products overseas. These are good businesses. They are involved in the domestic economy as well as very fierce international economy as well.

So I want to take a moment to talk about some of the items that are in the

President's tax package for the American farmer.

The bill does allow small farmers to expense $25,000 of their depreciable assets, instead of the current law provision of only $10,000.

This allows farmers to buy another truck, help make the downpayment on a new tractor. The effect of that economically is to help stimulate the economy this year.

The bill does exempt farm use of energy from the extra supplemental energy tax, thus limiting the tax on farm uses of energy to the lower basic rate.

And yes, as was discussed this evening, there was a tradeoff from the subsidy, the roughly $500 million subsidy that was going to the ethanol manufacturers and using that $500 million in exchange for helping all farmers in our country.

Why is that? Why do I say it helps all farmers in this country? Because the farmers that benefited from the $500 million ethanol subsidy are mainly in the Midwest.

I think a lot of the opposition to the exchange is coming from those Members who are representing their own backyards.

So we took them, as we serve on the Ways and Means Committee, we had a healthy debate on this issue, and we thought that it was fair to agriculture, in America, to spread this $500 million throughout America by exempting all of agriculture from the extra supplemental energy tax.

In addition, those of us who are spokesmen and spokeswomen for the agriculture community did argue with the White House and other Members, quite frankly, from the urban areas about reducing the President's proposed inland waterways tax. The President proposed an additional dollar increase per gallon on waterway fuel uses. We were successful in getting that tax reduced by 50 cents per gallon.

There is a debate that the American public should know, that as other modes of transportation that do compete against waterways, waterway traffickers, such as the railroad industry and the trucking industry argued, that it is unfair to us, for us to pay a little bit more in the energy tax and exempt fully those who use the inland waterways.

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Perhaps looking to success with the President's bill, perhaps the Senate may look a little more closely at the waterway provision and do a further reduction. But I do not think it is fair to propose that we would see complete elimination, nor should we see complete elimination of the President's proposed increase.

Remember that the President has talked about fairness, fairness across the board for all Americans, to help with his deficit reduction package, and that is what we are talking about here.

The bill also in terms of helping farmers, simplifies rules for filing estimated taxes. This will be especially helpful to farmers as it is difficult sometimes to predict what their incomes will be from 1 year to the next, and it would be unfair to penalize them if they did not correctly estimate the amount of taxes owed. And, therefore, we have gone to a much more simple procedure of collecting estimated taxes.

Also we have to keep in mind that, as long as we are involved in deficit reduction, that this is going to help farmers at the bank when they go to borrow money because deficit reduction is directly linked to the interest rates charged by the financial institutions, and, if we do not get control of this Federal deficit, as the President has urged, then we will see a rise in the interest rates, and that will be felt by every American, especially our farm folks who have to go to the financial institutions to obtain the money necessary to plant their crops and to harvest their crops as well.

So, I wanted to take just a few moments of time to talk about the good that is in the President's bill, that there are people on this side of the aisle who are very sensitive to the agriculture sector, and we tried to mitigate, as fairly as possible and as much as possible, some of the impact of the tax increases.

I do want to talk a little bit more about the problems facing America and why the President has taken the leadership role that he has. He recognized that, after 12 years of profligate spending, that the United States must get its economic house in order, that we saw from 1980 to 1992 a growth in the Federal debt from $1 trillion, $1 trillion, up to now $4 trillion. Just in a 12-year timespan we have quadrupled the debt, so we cannot let business continue as usual in this country.

The other problem, in addition to the Federal debt and the Federal deficit that we face, that we are trying to address here in the President's plan, is the fact that we have a stagnant economy, and we have a recovery out of a recession that is not producing the number of jobs that recoveries in previous recessions created at this time in a recovery. And especially the good-paying jobs whereby people can pay their mortgage or buy their first home, a job where there is a health care benefit, where there is a pension plan and some vacation time for the family. And I think all economists agree that the tools that we used to have to fight a stagnant economy do not exist today because of the huge Federal deficit, and I think that many, if not all, would also agree that, if we cut too much out of the Federal budget and in the wrong places, we will hurt economic growth.

Obviously, the best example is our highway system. We have to maintain it to conduct commerce in this country. We have to expand it as the economy expands as well. Highways are essential to moving commerce in this country. The same is true with our airports, as we know, and on the human service side it would be painful, painful, to ask the widow, American widow in this country whose only income is the $400 a month Social Security check. Now that is an entitlement payment that she has earned, and there are many people in my district, too many, whose only source of income in their retirement years is that monthly Social Security check.

So, Mr. Speaker, we understand that we are in a very difficult situation economically, and with respect to human services, and that makes our task much more difficult, and we strive to make these Solomon-like decisions. The President in just his first few months of office has asked us all to make a very difficult decision, to, yes, cut spending, and I am going to talk about that, reducing the deficit. But he has also said we are going to have to raise some revenue if we truly—if we want to truly bring about true deficit reduction. So, that is why we have the plan before us. I think we have to step back and look at this overall big picture before we even look at the individual items that are being asked of people and entities that are being asked to pay their fair share of this burden.

So, I think that, if we take just a moment to talk about the spending cuts, it is very important because there is a lot of rhetoric on this floor in the past few days that Americans are writing in to all of us and saying, "Cut spending first," and the fact is we are cutting spending at the same time that we are raising revenue. That is why we call this the reconciliation bill, or piece of legislation, because we are reconciling our budget with the revenues, and so we are doing it both at the same time. And those who will be direct and honest with their constituents back home will explain to them this reconciliation process.

President Clinton this morning made an interesting observation to a group of us when he talked about the spending cut issue, and he said that many of the liberals in the Congress agreed, reluctantly agreed, to spending cuts, and so there was not the controversy nationally in the press, for a few days even, let alone a few weeks, and even a month, about the spending cuts and the ramifications it would have for individuals in our society, whether they be elderly, on Medicare, whether they be a young child in need of health care or a student who is going down to get a school loan so that they can meet that college tuition requirement. This is going to happen as a result of cuts that were agreed upon without much controversy, at least, in the public. The President observed that, as a result of that, we did not have the national education that is sometimes necessary to show the public that, yes, we are cutting spending and we are cutting spending first. Those decisions were made prior to the Ways and Means Committee taking up the President's tax plan. The revenues and the tax plan come together in this reconciliation process.

Let me articulate specifically some of the spending cuts: The plan, the President's plan, gives over 30 specific cuts in Medicare and Medicaid that will reduce the deficit, reduce the deficit by $56 billion. Yes, as we heard earlier this evening, agriculture entitlements will be cut by $3 billion. Federal worker entitlements are cut by $11 billion. There is a pay reduction in this for Federal employees in the amount of $13.2 billion. Administrative cuts, $11 billion. Cutting 100,000 Federal workers out of the system saves $10.2 billion. Agriculture administrative cuts will save another $1.1 billion. Consolidating overseas broadcasting services saves $894 million. Streamlining education programs saves $2.2 billion. Dozens of highway demonstration projects will save a billion dollars. We will eliminate certain special purpose HUD grants, tens of NOAA or National Oceanographic and Atmospheric Administration demonstration projects will be cut out of the budget.

□ 2250

Certain earmarked Small Business Administration grants are going to be eliminated, and unnecessary Government commissions are going to be told they no longer exist. These are specific items, specific cuts that the President has proposed and that the House has included in this budget reconciliation piece of legislation.

But there is the other side as well. There is the tax revenue increases. And it is difficult. The majority leader earlier this evening talked about how he hated taxes and he wished he did not have to pay any of them.

I have found in my short few days on the Committee on Ways and Means that it is always easier to tax the other guy. Find somebody else to tax.

Oh, yes, we have got to reduce the deficit. Oh, yes, let us raise some revenue to do it, as long as we cut spending. But tax the other guy. That is the message I kept hearing over and over again from the special interests that come before this committee.

So I think what we need to do as Americans is say OK, if we are going to have this tax increase, what do we buy for America with these tax increases?

No 1, and most important of all, is we buy deficit reduction. Our national security is threatened by the fact that we, the United States, are deeply in debt, in essence to other nations.

I think that today, 1993, the greatest single threat to our national security is our national deficit. Just as in World War II we had to take drastic measures, so too in 1993 must we take drastic and dramatic measures to eliminate this national security threat.

Second, deficit reduction means interest rates remain low, and hopefully can go even lower. I can tick off four reasons why deficit reduction, interest rates staying low, if not going lower, puts money back into Americans' pockets. Many are refinancing their homes today so that they are paying lower interest rates on their home mortgages, and this means more money in the pocketbook. It also means they are going to own their home at an earlier time. It also means that many Americans now can afford to buy their first home, so important to the American dream and our way of life.

Third, lower business loans. I mentioned that about our farmers, but all businesses in this country, when they go to the bank, whether it is the retail store that finances their inventory to the large corporation, lower loan rates mean a cost savings to businesses.

Fourth, our local governments will pay less interest money for the bonds they borrow to finance the new school building or the city that needs a new water treatment facility. It means a lower interest payment, and that should mean a lower property tax as that is the usual means to finance these local government bonds.

So there is a savings. There is a savings. There is money into the pockets if we do obtain deficit reduction, and you do that in part through these tax increases.

We also listened to the President when he said not only do we need to reduce the deficit, we also need to provide some investment incentives at the same time so that we can stimulate the economy in such a way that we are producing more jobs and more good paying jobs, and we have to have the business incentives to do that. So we are raising approximately $35 billion more to pay for these big investment incentives.

What are they? Let me list them off. Targeted capital gains exclusion, $1 billion. Is it as broad as I would like to see? No, but it does cost the Treasury, it does cost our budget dollars in the short run, and we came up with $1 billion for a targeted capital gains exclusion.

We have increased the incentives for real estate investment. This will cost the Treasury in the short run $5 billion. But I think it will stimulate the housing market and the real estate communities as well, which will produce many more jobs.

We also increased the expensing for small businesses from $10,000 to $25,000. It helps every small business in this country. It is easily understood. It does not take an accountant or a tax lawyer to figure that out. Every small business person in this country understands it. But it also comes with a price tag to the Federal Treasury, and that price tag is $8 billion.

We are increasing the research and development incentives for so many companies and industries in this Nation so that we will be competitive in an international economy. That has a price tag of $13 billion. If we are not encouraging our corporations to invest in research and development, how can we compete against the Germans and the Japanese in this high-technology world?

So obviously this costs money. So that is why I say we are raising a little bit more than what we need in terms of our deficit reduction targets in order to help stimulate the economy as well.

We also modified the alternative minimum tax depreciation schedule so that we can help any of those very capital intensive industries with the problems that we have in this technical tax called the AMT that comes with a price tag of $8 billion.

These business incentives add up to $35 billion. We think, we believe, I agree with the President, that it is necessary to help the economy keep moving and to provide more jobs, which will help reduce the deficit further, if you will, in two ways. First, there will be less people having to turn to the welfare program; and, second, we will have more revenues in order to reduce that deficit spending.

So, as I said at the outset, we have to keep the big picture in mind. We have the deficit, and we have a sluggish economy without the kinds of jobs that are necessary.

Ms. THURMAN. Mr. Speaker, will the gentleman yield?

Mr. KOPETSKI. I yield to the gentlewoman from Florida.

Ms. THURMAN. Mr. Speaker, before the gentleman goes on, I know during the campaign there was a lot of conversation that went on about foreign companies participating in the United States. Maybe the gentleman can expand on this, because he touched on it a little bit on the research and development within the United States.

I believe there is a provision in here under the foreign tax for an American company that actually develops here, researches here, but actually does production. There is now an incentive here to keep the production in the United States versus taking it overseas.

Mr. KOPETSKI. The gentlewoman is correct, that there is a provision to capture some of the moneys. I think what she is referring to is what is known as the deferral tax. Those corporations that defer their tax payments of moneys earned overseas, when they bring their dollars home, how much of it and what rate and how should it be taxed?

The President made that part of his campaign. He put that in his stimulus package.

What we are asking those international corporations is to pay a little bit fairer share of the moneys that they do earn overseas and bring home to the United States. So that has been taken care of as well.

Ms. THURMAN. If the gentleman would yield further, one of the things that I heard during the energy tax debate was that this is not just for deficit reduction, but it is kind of a rethinking for the country of how we are going to deal with sources of energy and what we need to be doing for our future that might not only affect us in what I might consider development of alternative sources, but also in helping with another deficit that we have not talked much about here, which is a trade deficit.

☐ 2300

One of the things that I have watched over the years, probably back as far as the 1970's, the United States was like No. 1 in solar energy, which was one of our big products. We are now seventh in the world in production of solar energy.

It would seem to me, with some of the tax credits that you are talking about, with businesses for investment and incentives back here in this country, that this is also a time that they might be looking at building new businesses, such as solar energy to, in fact, offset some of the Btu tax. And if we got a little creative with this and then also used the tax incentives that were available to us, that we might see some new production, lots of good things coming out of this, if we look at it in the right light.

Mr. KOPETSKI. You are absolutely right. I think you make a very valid point about the energy tax and providing incentives to move more toward alternative energy rather than being a nation dependent on foreign oil.

Clearly, the Btu tax was heavily debated in committee, and it has been heavily debated on the floor.

I should say, it raises $70 billion out of about $350 billion of revenue or tax increases; $70 billion of that is from the energy tax.

What is not taxed is very important. Alternative energy, solar and wind, is exempt from the tax. So there is a tax incentive to invest in those kinds of technologies.

Cogeneration, energy that is produced from cogeneration, an energy waste today, but if you can harness that and use that steam plant that is maybe producing paper to also cogenerate electricity to run the factory, that energy produced is not taxed.

So there is more incentive, incentives for industries, especially our energy-intensive industries, companies, to move into this direction.

In addition, the biomass, conversion of biomass into energy is exempt from the tax as well. So we have now in place as part of energy policy an incentive to go in those much more benign and energy-efficient ways of producing, generating energy.

In addition, we try to reconcile the fact that different regions of this country rely on different sources of energy for transportation or home heating or electricity for their homes, whether used for air-conditioning or on the stove or the heating system. So if Americans stop and think about it, the Northeast is different from the Northwest, which is different from the Southeast and the Southwest. We each have energy which comes from different sources.

We may have a major source, such as nuclear power in the Midwest, or also use some coal, where out in the Northwest we use a lot of hydro and some coal.

How do you bring fairness nationally to this energy tax is a very difficult question. Compromise was made, and we did that. But the fact is, we are asking everybody to pay a little bit more, not everybody, I will get to that, because of the earned income tax credit, but we are asking a lot of Americans to pay.

This is a tax also that people can have some control over, because if they are using energy conservation devices in their home, wrapping the water heater, wrapping the hot water pipes, putting plastic over the windows in the wintertime and storm windows, and those kinds of things, that is going to save them on their energy tax bill. And that is good energy policy for this country, because as you well know, we are a nation that, once again, is over 50 percent dependent on foreign oil.

Mrs. THURMAN. I can relate another issue for you. In fact, in a townhall meeting that I had, there was some conversation about the Btu tax. And I suggested to them, being from Florida, or any place within the Southeast or the Southwest or any of those areas, that what we had looked at was in solar energy, if they just did one thing in their houses and that was to install a water heater, they could save as much as a third of their energy bill.

Now, a third of an energy bill, say, even a minimum bill of $90 is $30 that they could save. The figures that I have seen is that somebody over 40,000 or under 40,000 is about $10 a month. First, they have paid for whatever the increase might have been in their home heating anyway, and they probably, with over a 2-year period of time, would have paid for the installation of the solar energy heater, because they are about $700 and coming down.

So it seems to me that those are the kinds of things we need to be talking about. They generate jobs, and yet they also give us some other alternatives to some of our other problems.

Mr. KOPETSKI. You are absolutely correct. The technologies are there.

It is not like we are waiting for a new technology to come along.

You go to other countries in the world, Israel, for example, they use a solar hot water heating device. There is no reason why we cannot be doing that in our sunshine belt in this country as well, and we ought to be doing it. There is a tax incentive to have it occur. I think it will occur.

So I thank the gentlewoman from Florida about those questions. They are clearly right on point. These are difficult decisions. It is difficult policymaking.

I think that if the American people, yes, we are all afraid of taxes; yes, we are afraid of the impact of some of the spending cuts that will occur, but I also hear from my constituents that say, we have got to balance our budget. We have got to get our economic house in order.

That is what this plan does. It is the most well-thought-through and thorough plan that is before the House. I do not think this is something that can wait. I think the House has got to move.

I have some charts I do want to close with, but before that, I want to yield to the gentlewoman from Georgia [Ms. MCKINNEY].

Ms. MCKINNEY. Mr. Speaker, I appreciate the gentleman recognizing me. I also appreciate the service that he has put to the American people and for the American people on the Committee on Ways and Means. And in my talk earlier, we talked about the status of America's children.

Can you tell me what is in this reconciliation bill that will assist our children in at least not being able or not suffering from the preventable diseases of childhood?

Mr. KOPETSKI. I think that is an area of interest to a lot of Members.

We heard earlier this evening about some of the staggering statistics that you outlined in terms of this country and diseases that should not exist in the most powerful Nation on Earth, the wealthiest Nation on Earth, and yet we see, because we are not spending money on immunization, we see this vast increase in these diseases.

So what we are doing in this progrma is guaranteeing to every American child the right to an immunization. It is very simple.

These children cannot make that decision for themselves. And at a national level, we are saying, it is so important to them as individuals that we are going to spend the money, close to $2 billion, to ensure that happens.

Now, there is some criticism for the fact that we are also paying for the very wealthy in this country's children. Well, let us examine that a little bit.

I think the argument is made because of the fact that if a person does have a health insurance plan that the health insurance plan does not include immunizations, we will pay for it.

Another approach, therefore, would be at a national level to mandate that every insurance company include as a mandate immunization for children.

What the health care people will tell you, number one, we hate mandates, and they fight them in every State legislature. They fight it in the Halls of Congress, even a program as worthy as this.

And second, if you do mandate it, we will raise the cost to every policyholder in this country. There is no free lunch with the health care industry, believe me. They have a very powerful lobby.

The other example, the other reason given why we should not provide this to people is because there is a lot of working people that make $30,000 a year, but they do have a health insurance program, but it is not covered in the plan, or they are working and they may not have health care coverage.

☐ 2310

I think this is a very instructive statistic. Three-fourths of the people in the United States who are not covered by a health care plan are people in a family where one of the people is working, so these folks do not even have insurance coverage, let alone insurance coverage that includes the immunization program coverage.

Finally we talk about the superwealthy in this country. I cannot imagine their not having a decent health care package that includes immunization programs, but maybe they are self-insured. Maybe they are, and maybe we would be paying for those people's children. My thought about that is yes, I guess we could set up a huge Federal bureaucracy to means test the children's parents to find out if they did hit that means level or not, and hire lots of bureaucrats and set up all kinds of means testing regulations, or we could just say:

> Look, in this area children are the most important clients. We are going to spend the money on the child, regardless of how responsible or irresponsible that parent is.

What is the benefit to society, besides helping the children in our society? We know that it is going to save us health care dollars as a Federal Government, so we are going to get this money back tenfold, I am willing to bet, because we have taken care of these diseases before they ever came into existence in a child's body.

Ms. McKINNEY. That is absolutely wonderful. In fact, you know children are our most valuable asset, and we need to do everything that we can to divert our national attention to the status of children in this country. The statistics are appalling and are quite shameful for a country so wealthy as this one.

I would also like to just mention for half a moment that this is a piece of legislation that has a lot of support, and that we have organizations that represent literally millions of Americans who are in support of this legislation.

Mr. KOPETSKI. I would ask the gentlewoman if they are limited to the business side.

Ms. McKINNEY. These organizations are as diverse as the American Agriculture Movement, the American Education Association, the American Federation of Teachers, Bread for the World, the Child Welfare League of America, Coalition on Human Needs, Council for a Liveable World, Council for Rural Housing and Development, Families U.S.A., National Association of Homes and Services for Children, National Neighborhood Coalition, National Realty Committee, National Urban League, Women's Action for New Directions, Physicians for Social Responsibility, and the United Methodist Church.

Mr. KOPETSKI. I see you have about three pages of organizations.

Ms. McKINNEY. Three pages of organizations, fully in support of the President's package.

Mr. KOPETSKI. Let me also say that as a member of the Committee on Ways and Means, we do have significant business support for this proposal as well. The fact is the President proposed increasing the top corporate rate from 34 percent, the current rate, to 36 percent. After a lot of public testimony and debate, we listened to the business community and instead of that 36 percent rate it will be at 35 percent.

Is it every business in America or every corporation in America? The fact is it is only the top 2,700 corporations in this country out of about 40,000 that do pay that top income rate.

Mr. Speaker, I would like to take, in closing, just a few moments to show some of these charts that I have here, Mr. Speaker.

Mr. Speaker, here we have a chart that talks about the changes in the average monthly taxes, the overall impact of the President's reconciliation bill, the bill that is before the House now.

As we see, and this includes the impact of the energy tax, of any kind of further tax's effect on the average American, we see that those who make less than $10,000, because of the expansion of the earned income tax credit, their taxes will go down, as will those making less than $20,000 a year.

Those from $20,000 to $30,000 a year will see a $3 a month increase in their taxes, and this is at the end, this is the accumulation, a culmination of the President's plan in 1998. All of this is phased in.

For the American family with a household income of $30,000 to $40,000, we are talking about a $14 increase and a $23 increase for families of $40,000 to $50,000; from $50,000 to $75,000, a $41 increase; from $75,000 to $100,000, a $64 a month increase.

Yes, for those who make over $200,000, their monthly tax bill will go up about $1,935. What we are saying is that we are reversing the trend that occurred in the 1980's and trying to be fair in asking every American, based on ability, to pay to help reduce the Federal deficit.

Does it hurt the millionaires? Probably a little bit, but I think I know two or three of these, actually, and I think they would actually say, "If it truly goes to deficit reduction, I am willing to pay."

I think that is the important point that we have to focus on, is that the world is not going to end for the middle income taxpayers if we pass this bill. Are they going to pay a little bit more? Yes, no question about it. Is it going to deficit reduction? Yes, no question about it.

This chart demonstrates in a different showing who is paying the taxes under the bill. You can see that 66 percent of it, the overwhelming majority of the tax bill, is going to those incomes over $200,000. The next highest group are those who make $50,000 to $100,000. They will pay 20 percent of the share. Those from $100,000 to $200,000 pay 9 percent, and those with incomes under $50,000 will pay 5 percent of the share of the American tax bill.

Finally, I think that it is important to conclude on this note, that this truly is deficit reduction. There has been a lot of rhetoric this week in the newspapers and on the floor about does it go to deficit reduction. There is no doubt about it. This orange line shows what happens if we do nothing, and this shows what happens if we pass the President's deficit reduction package. There is quite a gap here if we do nothing.

I think for all the reasons articulated earlier and by other speakers on this side of the aisle, that the American public cannot afford to do nothing. I commend the President for his leadership. This is not an easy vote for the Members of the Congress, there is no doubt about it, but those of us who will be voting "yes" will be voting for a sound, solid, secure future for our American children, and for a sound, positive economic growth for our economy these next few years.

The SPEAKER pro tempore (Mr. HASTINGS). Under a previous order of the House, the gentlewoman from Georgia [Ms. McKINNEY] is recognized for 60 minutes.

[Ms. McKINNEY addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.]

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. LEACH (at the request of Mr. MICHEL) for today, on account of medical reasons.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. BURTON of Indiana) to revise and extend their remarks and include extraneous material:)

Mrs. MORELLA, for 60 minutes, on May 27.

Mr. DOOLITTLE, for 5 minutes, today.

Ms. ROS-LEHTINEN, for 5 minutes, on May 26.

Mr. DIAZ-BALART, for 5 minutes, on May 26.

Mr. ZIMMER, for 5 minutes, today.

Mr. DELAY, for 5 minutes, today.

(The following Members (at the request of Mr. BACCHUS of Florida) to revise and extend their remarks and include extraneous material:)

Mr. DEUTSCH, for 5 minutes each day, on May 25 and 26.